Macquarie Infrastructure CO LLC
Form 10-K
February 27, 2009

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

(Mark One)

x **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the Fiscal Year Ended December 31, 2008

OR

o **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the transition period from to

Commission File Number: 001-32384

Macquarie Infrastructure Company LLC

(Exact Name of Registrant as Specified in Its Charter)

Delaware (Jurisdiction of Incorporation or Organization)	43-2052503 (IRS Employer Identification No.)

125 West 55th Street
New York, New York 10019

(Address of Principal Executive Offices) (Zip Code)

Registrant's Telephone Number, Including Area Code: **(212) 231-1000**

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class:	Name of Exchange on Which Registered:
Limited Liability Company Interests of Macquarie Infrastructure Company LLC (LLC Interests)	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: **None**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes o No x

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes o No x

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No o

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrants' knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer x Accelerated Filer o Non-Accelerated Filer o Smaller Reporting Company o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes o No x

The aggregate market value of the outstanding shares of stock held by non-affiliates of Macquarie Infrastructure Company LLC at June 30, 2008 was $1,051,317,717 based on the closing price on the New York Stock Exchange on that date. This calculation does not reflect a determination that persons are affiliates for any other purposes.

There were 44,948,694 shares of stock without par value outstanding at February 26, 2009.

DOCUMENTS INCORPORATED BY REFERENCE

The definitive proxy statement relating to Macquarie Infrastructure Company LLC's Annual Meeting of Shareholders for fiscal year ended December 31, 2008, to be held June 4, 2009, is incorporated by reference in Part III to the extent described therein.

TABLE OF CONTENTS

TABLE OF CONTENTS

		Page
PART I		
Item 1.	Business	3
Item 1A.	Risk Factors	28
Item 1B.	Unresolved Staff Comments	43
Item 2.	Properties	43
Item 3.	Legal Proceedings	45
Item 4.	Submission of Matters to a Vote of Security Holders	46
PART II		
Item 5.	Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities	47
Item 6.	Selected Financial Data	49
Item 7.	Management's Discussion and Analysis of Financial Condition and Results of Operations	53
Item 7A.	Quantitative and Qualitative Disclosures About Market Risk	107
Item 8.	Financial Statements and Supplementary Data	111
Item 9.	Changes in and Disagreements with Accountants on Accounting and Financial Disclosure	113
Item 9A.	Controls and Procedures	113
Item 9B.	Other Information	116
PART III		
Item 10.	Directors and Executive Officers of the Registrant	116
Item 11.	Executive Compensation	116
Item 12.	Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters	116
Item 13.	Certain Relationships and Related Transactions	116
Item 14.	Principal Accountant Fees and Services	116
PART IV		
Item 15.	Exhibits, Financial Statement Schedules	116

TABLE OF CONTENTS

FORWARD-LOOKING STATEMENTS

We have included or incorporated by reference into this report, and from time to time may make in our public filings, press releases or other public statements, certain statements that may constitute forward-looking statements. These include without limitation those under Risk Factors in Part I, Item 1A, Legal Proceedings in Part I, Item 3, Management's Discussion and Analysis of Financial Condition and Results of Operations in Part II, Item 7, and Quantitative and Qualitative Disclosures about Market Risk in Part II, Item 7A. In addition, our management may make forward-looking statements to analysts, investors, representatives of the media and others. These forward-looking statements are not historical facts and represent only our beliefs regarding future events, many of which, by their nature, are inherently uncertain and beyond our control. We may, in some cases, use words such as project, believe, anticipate, plan, expect, estimate, intend, should, would, could, potentially, convey uncertainty of future events or outcomes to identify these forward-looking statements.

In connection with the safe harbor provisions of the Private Securities Litigation Reform Act of 1995, we are identifying important factors that, individually or in the aggregate, could cause actual results to differ materially from those contained in any forward-looking statements made by us. Any such forward-looking statements are qualified by reference to the following cautionary statements.

Forward-looking statements in this report are subject to a number of risks and uncertainties, some of which are beyond our control, including, among other things:

- the current economic recession and dislocation in the credit, capital and financial markets;
- changes in general economic, business or demographic conditions or trends in the United States or changes in the political environment, level of travel or construction or transportation costs where we operate, including changes in interest rates and price levels;
- changes in patterns of commercial or general aviation air travel, including variations in customer demand for our businesses;
- our Manager s affiliation with the Macquarie Group, which may affect the market price of our LLC interests;
- our limited ability to remove our Manager for underperformance and our Manager's right to resign;
- our holding company structure, which may limit our ability to meet our dividend policy;
- our ability to service, comply with the terms of and refinance at maturity our substantial indebtedness;
- decisions made by persons who manage businesses in which we hold less than majority control, including decisions that could affect distributions to us;
- our ability to make, finance and integrate acquisitions;
- our ability to implement our operating and internal growth strategies;
- the regulatory environment in which our businesses and the businesses in which we hold investments operate and our ability to estimate compliance costs, comply with any changes thereto, rates implemented by regulators of our businesses and the businesses in which we hold investments, and our relationships and rights under and contracts with governmental agencies and authorities;
- changes in electricity or other energy costs;
- the competitive environment for attractive acquisition opportunities facing our businesses and the businesses in which we hold investments;
- environmental risks pertaining to our businesses and the businesses in which we hold investments;
- our ability to retain or replace qualified employees;
- work interruptions or other labor stoppages at our businesses or the businesses in which we hold investments;

TABLE OF CONTENTS

changes in the current treatment of qualified dividend income and long-term capital gains under current U.S. federal income tax law and the qualification of our income and gains for such treatment;
disruptions or other extraordinary or force majeure events affecting the facilities or operations of our businesses and the businesses in which we hold investments and our ability to insure against any losses resulting from such events or disruptions;
fluctuations in fuel costs, or the costs of supplies upon which our gas production and distribution business is dependent, and our ability to recover increases in these costs from customers;
our ability to make alternate arrangements to account for any disruptions that may affect the facilities of the suppliers or the operation of the barges upon which our gas production and distribution business is dependent; and
changes in U.S. domestic demand for chemical, petroleum and vegetable and animal oil products, the relative availability of tank storage capacity and the extent to which such products are imported.

Our actual results, performance, prospects or opportunities could differ materially from those expressed in or implied by the forward-looking statements. A description of risks that could cause our actual results to differ appears under the caption Risk Factors in Part I, Item 1A and elsewhere in this report. It is not possible to predict or identify all risk factors and you should not consider that description to be a complete discussion of all potential risks or uncertainties that could cause our actual results to differ.

In light of these risks, uncertainties and assumptions, you should not place undue reliance on any forward-looking statements. The forward-looking events discussed in this report may not occur. These forward-looking statements are made as of the date of this report. We undertake no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. You should, however, consult further disclosures we may make in future filings with the Securities and Exchange Commission, or the SEC.

Exchange Rates

In this report, we have converted foreign currency amounts into U.S. dollars using the Federal Reserve Bank noon buying rate at December 31, 2008 for our financial information and the Federal Reserve Bank noon buying rate at February 20, 2009 for all other information. At December 31, 2008, the noon buying rate of the Australian dollar was USD $0.6983 and the noon buying rate of the Pound Sterling was USD $1.4619. At February 20, 2009, the noon buying rate of the Australian dollar was USD $0.6419 and the noon buying rate of the Pound Sterling was USD $1.4333. The table below sets forth the high, low and average exchange rates for the Australian dollar and the Pound Sterling for the years indicated:

Time Period	U.S. Dollar/Australian Dollar			U.S. Dollar/Pound Sterling		
	High	Low	Average	High	Low	Average
2001	0.5552	0.5016	0.5169	1.4773	1.4019	1.4397
2002	0.5682	0.5128	0.5437	1.5863	1.4227	1.5024
2003	0.7391	0.5829	0.6520	1.7516	1.5738	1.6340
2004	0.7715	0.7083	0.7329	1.8950	1.7860	1.8252
2005	0.7974	0.7261	0.7627	1.9292	1.7138	1.8198
2006	0.7914	0.7056	0.7535	1.9794	1.7256	1.8294
2007	0.9369	0.7724	0.8389	2.1104	1.9235	2.0019
2008	0.9797	0.6073	0.8537	2.0311	1.4395	1.8526

Macquarie Infrastructure Company LLC is not an authorized deposit-taking institution for the purposes of the Banking Act 1959 (Commonwealth of Australia) and its obligations do not represent deposits or other liabilities of Macquarie Bank Limited ABN 46 008 583 542 (MBL). MBL does not guarantee or otherwise provide assurance in respect of the obligations of Macquarie Infrastructure Company LLC.

TABLE OF CONTENTS

PART I

Item 1. Business

Except as otherwise specified, Macquarie Infrastructure Company, we, us, and our refer to Macquarie Infrastructure Company LLC, a Delaware limited liability company that we refer to as the Company, and its subsidiaries together. References to our shareholders herein means holders of LLC interests. The holders of LLC interests are also the members of our company. Macquarie Infrastructure Management (USA) Inc., the company that we refer to as our Manager, is part of the Macquarie Group of companies. References to the Macquarie Group means Macquarie Group Limited and its respective subsidiaries and affiliates worldwide.

GENERAL

We own, operate and invest in a diversified group of infrastructure businesses in the United States. We believe our infrastructure businesses, which provide basic everyday services, have a sustainable and stable cash flow profile and offer the potential for capital growth. We offer investors an opportunity to participate directly in the ownership of infrastructure businesses, which traditionally have been owned by governments or private investors, or have formed part of vertically integrated companies. Our businesses also constitute our operating segments and consist of the following:

- an airport services business that operates 72 fixed base operations, or FBOs, at 68 airports and one heliport;
- a 50% interest in a bulk liquid storage terminal business operating ten marine terminals in the United States and two in Canada;
- a gas production and distribution business in Hawaii;
- a district energy business with operations in Chicago and Las Vegas; and
- an off-airport parking business with 31 locations serving 20 commercial airport markets in the United States.

The Company was formed on April 13, 2004. On December 21, 2004, we completed our initial public offering of shares representing beneficial interests in Macquarie Infrastructure Company Trust, or the Trust, and concurrent private placement of shares of trust stock. We used the majority of the proceeds of the offering and private placement to acquire our initial businesses and investments and to pay related expenses.

Our initial businesses and investments consisted of our airport services business, our district energy business, our airport parking business, a toll road business through our 50% ownership of the Yorkshire Link shadow toll road, and investments in South East Water (SEW) and Macquarie Communications Infrastructure Group (MCG). During 2006, we sold the toll road business and investments in SEW and MCG.

Prior to June 25, 2007, our publicly traded entity was the Trust and the Trust held all of the LLC interests in the company. On June 25, 2007, we dissolved the Trust and completed a mandatory exchange of all of the shares of beneficial interest in the Trust held by each of our shareholders for an equal number of LLC interests in the company. Each shareholder of the Trust at the time of the exchange became a shareholder of, and with the same percentage interest in, the company. The LLC interests were listed on the NYSE under the symbol MIC at the time of the exchange.

Concurrent with the exchange we made an election to be treated as a corporation for federal income tax purposes. We requested, and the Internal Revenue Service, or IRS, approved, an effective date for the election of January 1, 2007.

As a result, all investor tax reporting with respect to distributions made after December 31, 2006, and in all subsequent years, will be based on our being a corporation for U.S. federal tax purposes and such reporting will be provided on Form 1099.

For additional information on the dissolution of the Trust and concurrent mandatory share exchange, please refer to our Forms 8-K, filed with the SEC on May 23, 2007 and June 22, 2007.

3

TABLE OF CONTENTS

Our Manager

We have entered into a management services agreement with our Manager. Our Manager is responsible for our day-to-day operations and affairs and oversees the management teams of our operating businesses. The Company neither has, nor will have, any employees. Our Manager has assigned, or seconded, to the Company, on a permanent and wholly dedicated basis, two of its employees to assume the offices of chief executive officer and chief financial officer and seconds or makes other personnel available as required. The services performed for the company are provided at our Manager's expense, including the compensation of our seconded personnel.

Our Manager is a member of the Macquarie Group, a diversified international provider of financial, advisory and investment services. The Macquarie Group is headquartered in Sydney, Australia and is a global leader in advising on the acquisition, disposition and financing of infrastructure assets and the management of infrastructure investment vehicles on behalf of third-party investors.

We believe that the Macquarie Group's demonstrated expertise and experience in the management, acquisition and funding of infrastructure businesses will provide us with a significant advantage in pursuing our strategy. Our Manager is part of the Macquarie Group's Capital Funds division. The Macquarie Capital Funds division manages a global portfolio of 118 assets across 26 countries including toll roads, airports and airport-related infrastructure, communications, media, electricity and gas distribution networks, water utilities, aged care, rail and ferry assets.

We expect that the Macquarie Group's infrastructure advisory division will be an important source of acquisition opportunities and advice for us. The Macquarie Group's infrastructure advisory division is separate from the Macquarie Capital Funds division. Historically, the Macquarie Group's advisory division has sought out and presented the various infrastructure investment vehicles in Macquarie Capital Funds, including us, with a significant number of high quality infrastructure acquisition opportunities.

Although it has no contractual obligation to do so, we expect that the Macquarie Group's infrastructure advisory division will continue to present our Manager with opportunities to acquire or invest in complementary businesses. Under the terms of the management services agreement, our Manager is obliged to present to us, on a priority basis, acquisition opportunities in the United States that are consistent with our strategy, as discussed below, and the Macquarie Group is our preferred financial advisor. Refer to the discussion under U.S. Acquisition Priorities for further information.

Growth through acquisition remains an important component of our long-term strategy. However, current market conditions, primarily the tightening of the credit markets, price declines and the historically high level of volatility in the equity markets, effectively prevent us from making acquisitions. We expect that when the capital markets are again functioning normally we will continue our pursuit of value-enhancing acquisition opportunities.

We also believe that once the credit markets resume normal functions our relationship with the Macquarie Group will enable us to take advantage of its expertise and experience in securing debt financing for infrastructure assets. As the typically strong, stable cash flows of infrastructure assets are usually able to support above average levels of debt relative to equity, we believe that the ability of our Manager and the Macquarie Group to source and structure low-cost project and other debt financing provides us with a significant advantage when acquiring assets. We believe that these relatively lower costs will enhance our ability to generate attractive returns for shareholders from those assets.

We pay our Manager a quarterly management fee based primarily on our market capitalization. Our Manager can also earn a performance fee if the quarterly total return for our shareholders (capital appreciation plus dividends) exceeds the quarterly total return of a weighted average of two benchmark indices, a U.S. utilities index and a European utilities index, weighted in proportion to our U.S. and non-U.S. equity investments. The performance fee is equal to 20% of the difference between the return for this benchmark and the return for our shareholders. To be eligible for the performance fee, our Manager must deliver quarterly total returns that are positive and in excess of any prior underperformance. Please see the management services agreement filed as an exhibit to this Annual Report on Form 10-K for the full terms of this agreement.

4

TABLE OF CONTENTS

Industry

Infrastructure businesses are characterized in part by the essential nature of the services they provide. For example, our district energy business, a producer of chilled water for building cooling, provides a basic, everyday service to its customers. Infrastructure businesses are further characterized by their employment of long-lived, high-value physical assets having low ongoing maintenance capital expenditure requirements. These characteristics tend to make infrastructure businesses scalable and offer significant barriers to entry for new participants. Our airport services and bulk liquid storage terminal businesses are good illustrations of these characteristics. We invest in infrastructure businesses that we believe provide sustainable cash flows and the opportunity for future growth. We focus on the ownership and operation of infrastructure businesses in the following categories:

- user pays, such as our airport services and bulk liquid storage terminal businesses, the revenues of which are derived from per-use or rental charges;
- contracted, such as our district energy business, a majority of the revenues of which are derived from long-term contracts with governments or other businesses; and
- regulated, such as the utility operations of our gas production and distribution business.

Our infrastructure businesses tend to generate sustainable and growing long-term cash flows resulting from relatively inelastic customer demand and the businesses strong competitive positions. The strength of our competitive position stems from the high barriers to entry into infrastructure businesses combined with our active management of these businesses. We believe the ongoing cash flows of our infrastructure businesses are protected by the nature of our businesses, including:

- ownership of long-lived, high-value physical assets that tend to generate predictable revenue streams;
- consistent, relatively inelastic demand for their services, which provides stable cash flows, particularly at our district energy and bulk liquid storage terminal businesses;
- strong competitive positions, largely due to high barriers to entry, including:
  - high initial development and construction costs, such as the cost of cooling equipment and distribution pipes for our district energy business and the regulated distribution assets for our gas production and distribution business;
  - difficulty in obtaining suitable land, such as the waterfront land owned by our bulk liquid storage terminal business;

long-term, exclusive concessions or leases and customer contracts, such as those held by our airport services and district energy businesses;

the strong positions that our bulk liquid storage terminal and gas production and distribution businesses have in their respective markets; and

lack of cost-effective alternatives to customers in the foreseeable future, such as the cooling services provided by our district energy business; and

scalability, such that relatively small amounts of growth related capital expenditure can result in significant increases in EBITDA.

Beyond the benefits related to these characteristics, the revenues generated by our infrastructure businesses can generally be expected to keep pace with inflation. The price increases built into the agreements with customers of contracted businesses and the inflation and cost pass-through adjustments typically a part of pricing dynamics in user pays businesses or provided by the regulatory process to regulated businesses serve to insulate infrastructure businesses to a significant degree from the negative effects of inflation and commodity price risk. Deflation, if any, would have a negligible impact on the revenue or profitability of our businesses. In addition, we employ interest rate swaps in connection with our businesses floating rate debt to protect our earnings from the higher costs that may result from interest rate increases.

5

TABLE OF CONTENTS

Strategy

The challenges posed by the current economic conditions have caused us to adopt a strategy focused on reducing debt, reducing expenses and curtailing acquisition activities and growth capital expenditures. We believe that our focus on these elements is appropriate to maximizing cash flows and ensuring that our businesses are well positioned to enter the period beyond the current economic uncertainty.

Debt Reduction

We intend to reduce debt, in large part through the suspension of quarterly distributions to shareholders. We intend to apply accumulated cash to the reduction of both holding company debt and operating company debt at businesses where the underlying fundamentals are strong. This component of our strategy should further strengthen our balance sheet and is expected to reduce the risk of violating financial covenants in our debt agreements resulting from declines in overall economic activity. We also expect that it will reduce the risks associated with refinancing our debt facilities in the event that credit markets remain tight through to the maturity of these facilities.

Expense Reduction

We intend to continue reducing expenses through rationalization of staffing, business process improvement and actively and prudently managing reinvestment in our businesses in the form of maintenance capital expenditures. This effort is expected to improve operating income and cash flows from our businesses.

Acquisitions/Growth Capital Expenditures

Volatility in the equity markets and the associated decline in our share price have made it inappropriate for us to raise new capital for acquisitions given the dilutive effect that such raising would have on existing shareholders. We have suspended our efforts with respect to acquisitions of additional infrastructure businesses until such time as the capital markets are functioning in a historically normal manner. We intend to concentrate management resources on

optimizing our performance in the current environment.

We intend to meet our contractual obligations with respect to the deployment of growth capital, i.e. our leasehold improvement obligations in the airport services business, for which we have committed financing. We expect that these projects will have a positive impact on cash from operations.

Our bulk liquid storage business intends to complete growth projects to which it has committed. The business intends to secure additional external funding for a portion of these projects. If sufficient external funding is not available the business will fund the completion of the growth projects with cash from operating activities. The storage rates at which these projects have been contracted will generate attractive levels of additional gross profit, EBITDA and operating cash flow.

OUR BUSINESSES AND INVESTMENTS

Airport Services Business

Business Overview

Our airport services business, Atlantic Aviation FBO Inc., operates 72 fixed-based operations, or FBOs, at 68 airports and one heliport throughout the United States. Our FBOs primarily provide fuelling and fuel-related services, aircraft parking and hangarage to owners/operators of jet aircraft in the general aviation sector of the air transportation industry.

Financial information for this business is as follows ($ in millions):

	As at, and for the Year Ended, December 31,		
	2008	2007	2006
Revenue	$ 716.3	$ 534.3	$ 312.9
Operating (loss) income[1]	(9.2)	76.4	47.9
Total assets[1]	1,660.8	1,763.7	932.6
% of our consolidated revenue	68.1 %	64.3 %	60.1 %

(1) Includes non-cash impairment charges related to goodwill of $52.0 million, intangible assets of $21.7 million and property, equipment, land and leasehold improvements of $13.8 million.

TABLE OF CONTENTS

Our Acquisitions

On the day following our initial public offering, we purchased 100% of the ordinary shares in Atlantic Aviation FBO Inc., or Atlantic Aviation, the holding company of our airport services business, from the Macquarie Group for a purchase price of $118.2 million (including transaction costs) and assumed $130.0 million of senior debt. On the day following our initial public offering, we also acquired AvPorts from Macquarie Global Infrastructure Funds for cash consideration of $42.4 million (including transaction costs) and assumption of existing debt.

Since our initial acquisition, we have grown our airport services business through acquisitions of additional FBOs. We acquired three FBOs in 2005, 23 FBOs in 2006, 29 FBOs in 2007 and three FBOs in 2008.

In December 2008, we completed the sale of our airport management contracts at seven regional airports. Revenues from the airport management contracts account for less than one half of one percent of the revenues of our airport services business in 2008.

Industry Overview

FBOs predominantly service the general aviation segment of the air transportation industry. General aviation, which includes corporate and leisure flying, pilot training, helicopter, medivac and certain air freight operations, is the largest segment of U.S. civil aviation and represents the largest percentage of the active civil aircraft fleet. General aviation does not include commercial air carriers or military operations. Local airport authorities grant FBO operators the right to provide fuelling and other services. Fuel sales provide most of an FBO's revenue.

FBOs generally operate in an environment of limited competition and high barriers to entry. Airports have limited physical space for additional FBOs. Airport authorities generally do not have an incentive to add additional FBOs unless there is a significant demand for additional capacity, as profit-making FBOs are more likely to reinvest in the airport and provide a broad range of services, thus attracting increased airport traffic. The increased traffic tends to generate additional revenue for the airport authority in the form of landing and fuel flowage fees. Government approvals and design and construction of a new FBO can also take significant time.

Demand for FBO services is driven by the number and size of general aviation aircraft in operation and average flight hours per aircraft. Both factors grew substantially through 2007. According to the Federal Aviation Administration, or the FAA, from 1996 to 2007, the active fleet of fixed-wing turbine aircraft, which includes turbojet and turboprop aircraft, increased at an average rate of 6.0% per year. Reported general aviation aircraft deliveries for 2008 suggest that the fixed wing turbine aircraft fleet expanded at a slower rate during 2008 than the historical growth rate. The slower fleet expansion rate reflects a reduction in aircraft deliveries as funding for aircraft acquisitions has become more difficult to obtain and more expensive. Fixed-wing turbine aircraft are the major consumers of our FBO services, especially fuel related services. Over the 1996 to 2007 period, the number of hours flown by fixed-wing general aviation turbine aircraft increased at an average rate of 6.5% per year. This growth was driven by a number of factors, in addition to general economic growth over the period, that included:

the passage of the General Aviation Revitalization Act in 1994, which significantly reduced the product liability facing general aviation aircraft manufacturers;
dissatisfaction with the increased inconvenience of commercial airlines and major airports as a result of security-related delays;
growth in programs for the fractional ownership of general aviation aircraft (programs for the time share of aircraft), including NetJets, FlexJet and Flight Options; and
a tax package passed by Congress in May 2003 that allowed companies to depreciate 50% of the value of new business jets in the first year of ownership if the jets were purchased and owned by the end of 2004.

TABLE OF CONTENTS

Total general aviation flight hours for the year ended December 31, 2008 have not yet been published by the FAA. However, a reported 12% decline in general aviation flight movements (take offs and landings) for the 12 months ended December 31, 2008 suggests a decline in flight hours in 2008.

General aviation activity slowed down in 2008 relative to historical trends based on lower fixed-wing turbine aircraft expansion rate and the declining flight movements. In addition, orders of new business airplanes have decreased.

Management of the airport services business believes that despite improved access to general aviation and the challenges facing commercial aviation associated with higher load levels, potential mainline carrier consolidation and security-related delays, all of which strengthened the general aviation industry, FBO revenues are affected by a prolonged economic downturn. See Risk Factors in Part I, Item 1A.

Strategy

We believe that our airport services business and the demand for the services that our business offers will grow at or above rates associated with the fundamental drivers of growth in the general aviation jet market, including fleet expansion and the increase in the number of hours that the aircraft are being flown. Underpinning our belief is a strategy based on effective marketing and the delivery of superior service relative to our competitors. Additionally, we believe that we can maintain the profitability of our airport services business during challenging economic conditions through sound business management.

Business Management: The senior managers of our airport services business are acutely focused on managing costs effectively. In light of the recent slowdown in general aviation activity, the management team has implemented initiatives that have reduced operating costs at a rate exceeding $20.0 million per annum. We continue to evaluate opportunities to reduce expenses through more efficient purchasing, reorganization of our commercial fuelling operations and increasing synergies resulting from recent acquisitions.

Marketing: Marketing of our airport services business is based extensively on a proprietary point of sale system. The system supports flight tracking and provides customer relationship management data that facilitates upselling of fuel. For example, based on tracking of general aviation jets by tail number, we know about the buying patterns and particular needs and service desires of each of our customers. We use this information to help deliver high quality service and to optimize the amount of fuel we sell and the dollar-based margin per gallon. The majority of our FBOs have access to the point of sale system.

Our Atlantic Awards program has also been an important component of our marketing. Atlantic Awards are credits based on fuel purchases that pilots can accumulate and download from a secure website onto a debit card. We believe that the Atlantic Awards program is a valued component of our offering and has led to incremental sales of jet fuel.

Service: We make concierge services available at our major locations. Our concierge staff is available to assist pilots and passengers with accommodations, transportation, meals and entertainment and a wide variety of other personal services.

In addition to meeting the needs of the individuals transiting our FBOs, our line personnel strive to ensure the security, safe refuelling and prompt availability of the aircraft in our care.

Business

Operations

Our airport services business has high-quality facilities and focuses on attracting customers who desire a high level of personal service. Fuel and fuel-related services generated 79% of our airport services business revenue and accounted for 65% of our airport services business gross profit in 2008. Other services including de-icing, aircraft parking, hangar rental and catering provided the remaining balance. Fuel is stored in fuel farms and each FBO operates refuelling vehicles owned or leased by the FBO. The FBO either owns or has access to the fuel storage tanks to

support its fuelling activities. At some of our locations, services are also provided to commercial carriers and may include refuelling from the carrier's own fuel supplies stored in the carrier's fuel farm, de-icing and ground and ramp handling services.

TABLE OF CONTENTS

We buy fuel at the wholesale price and sell fuel to customers at a contracted price, or at a price negotiated at the point of purchase. While our fuel costs can be volatile, we generally pass fuel cost changes through to customers and attempt to maintain and, when possible, grow a dollar-based margin per gallon of fuel sold. We also fuel aircraft with fuel owned by other parties and charge customers a service fee.

Locations

Our FBO facilities operate pursuant to long-term leases from airport authorities or local government agencies. Our airport services business and its predecessors have a strong history of successfully renewing leases, and have held some leases for over 40 years. We are the sole FBO at 34 of the airports at which we operate.

The existing leases have a weighted average remaining length of 17.9 years. The leases for 8 of our 72 FBOs will expire within the next five years. Our FBO at Atlanta Hartsfield Airport currently operates with an annual lease expiring in April 2009. We intend to participate in the process of renewal for a longer lease. The operating results of our San Jose location accounted for approximately 7.7% of the gross profit of our airport service business for 2008. No other FBO leases are individually significant to our business.

The airport authorities have termination rights in each of our leases. Standard terms allow for termination if we default on the terms and conditions of the lease, abandon the property or become insolvent or bankrupt. Fewer than 10 of our leases may be terminated with notice by the airport authority for convenience or other similar reasons. In each case, there are compensation agreements or obligations of the authority to make best efforts to relocate the FBO. Most of the leases allow for termination if liens are filed against the property.

Marketing

Our airport services business has an experienced marketing team and marketing programs that are sophisticated relative to those of other industry participants. Our airport services business' marketing activities support its focus on attracting customers who prefer high-quality service and amenities.

Atlantic Aviation has two primary marketing programs. Each utilizes an internally-developed point-of-sale system that tracks all aircraft flight movements and records which FBO the aircraft uses (where there is more than one FBO). In the first, when an aircraft is a customer of an Atlantic Aviation FBO but did not use the Atlantic Aviation FBO at a particular airport, a member of Atlantic Aviation's customer service team will contact the pilot or corporate flight department to alert them to Atlantic Aviation's presence at that airport and invite them to visit next time they are at that location.

The second is a customer loyalty program known as Atlantic Awards . The point-of-sale system tracks points given to pilots based on the amount of fuel purchased. The points are translated into cash awards that can be downloaded from the Atlantic website to a debit-type card. This program has gained wide acceptance among pilots and is encouraging upselling of fuel, where pilots purchase a larger portion of their overall fuel requirement at our locations. These awards are recorded as a reduction in revenue in our consolidated financial statements.

Competition

Competition in the FBO business exists on a local basis at most of the airports at which our airport services business operates. Our FBO at the East 34th Street Heliport in New York and 33 of our remaining FBOs are the only FBOs at their respective airports, either because of the lack of suitable space at the airfield, or because the level of demand for FBO services at the airport would not support more than one FBO. The remaining 38 FBOs have one or more competitors at the airport or, to a lesser extent, at nearby airports. FBO operators compete based on a number of factors, including location of the facility relative to runways and street access, service, value-added features, reliability and price. Our airport services business positions itself as a provider of superior service to general aviation pilots and passengers. Employees are provided with comprehensive and ongoing training to ensure high level and consistent quality of service. Our airport services business markets high net worth individuals and corporate flight departments for whom we believe fuel price tends to be less important than service and facilities.

We believe there are fewer than 10 competitors with operations at five or more U.S. airports. These include Signature Flight Support, Encore (formerly known as Landmark Aviation) and Million Air Interlink.

TABLE OF CONTENTS

Other than Signature, these competitors are privately owned. Some present and potential competitors have or may obtain greater financial and marketing resources than Atlantic and this may negatively impact our ability to compete at an airport or for acquisitions. Some of our competitors are pursuing more aggressive pricing strategies that have contributed to increased margin pressure at some of our locations. However, we believe that the airport authorities are satisfied with the performance of our FBOs overall and are not seeking additional service providers.

Regulation

The aviation industry is overseen by a number of regulatory bodies, with the primary one being the FAA. Our airport services business is also regulated by the local airport authorities through lease contracts with those authorities. The business must comply with federal, state and local environmental statutes and regulations associated in part with numerous underground fuel storage tanks. These requirements include, among other things, tank and pipe testing for tightness, soil sampling for evidence of leaking and remediation of detected leaks and spills. Our FBO operations are subject to regular inspection by federal and local environmental agencies and local fire and airline quality control departments. We do not expect that compliance and related remediation work will have a material negative impact on earnings or the competitive position of our airport services business. Our airport services business has not received notice requiring it to cease operations at any location or of any abatement proceeding by any government agency as a result of failure to comply with applicable environmental laws and regulations.

Management

The day-to-day operations of our airport services business are managed by individual site managers who are responsible for all aspects of the operations at their site. Responsibilities include ensuring that customer requirements are met by the staff employed at the site and that revenue is collected, and expenses incurred, in accordance with internal guidelines. Local managers are, within the specified guidelines, empowered to make decisions as to fuel pricing and other services, improving responsiveness and customer service. Local managers within a geographic region are supervised by a regional manager. Atlantic Aviation has a team of five regional managers covering the United States.

Atlantic Aviation's operations are overseen by a group of senior personnel that averages approximately 22 years experience in the aviation industry. The business management team has established close and effective working relationships with local authorities, customers, service providers and subcontractors. The team is responsible for overseeing the FBO operations, setting strategic direction and ensuring compliance with all contractual and regulatory obligations.

Atlantic Aviation's head office is in Plano, Texas. The head office provides the business with overall management and performs centralized functions including accounting, information technology, risk management, human resources, payroll and insurance arrangements. We believe our head office facilities are adequate to meet our present and foreseeable operational needs.

Employees

As of December 31, 2008, our airport services business employed 2,281 employees at its various sites. Approximately 16% of employees are covered by collective bargaining agreements. We believe that employee relations at our airport services business are good.

10

TABLE OF CONTENTS

Bulk Liquid Storage Terminal Business

Business Overview

We own 50% of International-Matex Tank Terminals, or IMTT, which provides bulk liquid storage and handling services in North America through ten marine terminals located on the East, West and Gulf Coasts, the Great Lakes region of the United States and a partially owned terminal in each of Quebec and Newfoundland, Canada. The largest terminals are located on the New York Harbor and on the Mississippi River near New Orleans. IMTT stores and handles petroleum products, various chemicals, renewable fuels, and vegetable and animal oils. IMTT is one of the largest companies in the bulk liquid storage terminal industry, based on capacity, in the United States.

Financial information for this business is as follows ($ in millions):

	As at, and for the Year Ended, December 31,		
	2008	2007	2006
Revenue	$ 352.6	$ 275.2	$ 225.5
Operating income	88.2	59.7	48.0
Total assets[1]	1,006.3	862.5	630.4

(1) IMTT reported financial results for the Quebec site using equity accounting during 2006 and accounted for the Quebec results in 2007 and 2008 on a consolidated basis.

For the year ended December 31, 2008, IMTT generated approximately 45% of its terminal revenue and approximately 46% of its terminal gross profit at its Bayonne, New Jersey facility in New York Harbor. Approximately 37% of IMTT s total terminal revenue and approximately 41% of its terminal gross profit was generated by its St. Rose, Gretna, Avondale and Geismar, Louisiana facilities, which together service the lower Mississippi River region (with St. Rose as the largest contributor).

The table below summarizes the proportion of the terminal revenue generated from the commodities stored at IMTT's terminal at Bayonne, IMTT's four terminals in Louisiana and IMTT's other U.S. terminals for the year ended December 31, 2008:

Proportion of Terminal Revenue from Major Commodities Stored		
Bayonne Terminal	Louisiana Terminals	Other U.S. Terminals
Black Oil: 32%	Black Oil: 43%	Other Commodities: 43%
Other Commodities: 27%	Chemical: 27%	Chemical: 42%
Distillate: 21%	Other Commodities: 16%	Black Oil: 15%
Gasoline: 20%	Vegetable and Animal Oil: 14%	

Black oil includes #6 oil, a heavy fuel used in electricity generation, as bunker fuel for ships and for other industrial uses. Black oil also includes vacuum gas oil, which is used as a feedstock for tertiary stages in oil refining. Distillate products include diesel fuel and home heating oil.

IMTT also owns Oil Mop, an environmental response and spill clean-up business. Oil Mop has a network of facilities along the U.S. Gulf Coast between Houston and New Orleans. These facilities service predominantly the Gulf region, but also respond to spill events as needed throughout the United States and internationally.

Our Acquisition

We completed the acquisition of our 50% economic and voting interest in IMTT Holdings Inc. (formerly known as Loving Enterprises, Inc.) on May 1, 2006. The shares we acquired were newly issued by IMTT Holdings Inc., which is the ultimate holding company for International-Matex Tank Terminals. The balance of the shares in IMTT Holdings Inc. is beneficially held by a number of related individuals.

TABLE OF CONTENTS

Industry Overview

Bulk liquid storage terminals provide an essential link in the supply chain for major commodities such as crude oil, refined petroleum products and basic and specialized chemicals. In addition to renting storage tanks, bulk liquid storage terminals generate revenues by offering ancillary services including product transfer (throughput), heating and blending. Pricing for storage and other services typically reflects local supply and demand as well as the specific attributes of each terminal including access to deepwater berths and connections to land-based infrastructure such as a pipeline and rail.

Both domestic and international factors influence demand for bulk liquid storage in the United States. The need of customers to rent storage tanks for product inventories rises and falls according to local and regional consumption, which largely reflects the underlying economic activity over the medium term. In addition to these domestic forces, import and export activity also accounts for a material portion of the business. Shippers require storage for the staging, aggregation and/or distribution of products before and after shipment. The extent of import/export activity depends on macroeconomic trends such as currency fluctuations as well as industry-specific conditions, such as supply and demand balances in different geographic regions. The medium-term length of storage contracts tends to offset short-term fluctuations in demand for storage.

Potential entrants into the bulk liquid storage business face several substantial barriers. Strict environmental regulations, limited availability of waterfront land with the necessary access to land-based infrastructure, local

community resistance to new fuel/chemical sites, and high initial investment costs impede the construction of new bulk liquid storage facilities. These deterrents are most formidable around New York Harbor and other waterways near major urban centers. As a consequence, new supply is generally created by the addition of tankage to existing terminals where existing infrastructure can be leveraged, resulting in higher returns on invested capital. However, restrictions on land use, difficulties in securing environmental permits, and the potential for operational bottlenecks due to infrastructure constraints may limit the ability of existing terminals to expand the storage capacity of their facilities.

Strategy

The key components of IMTT s strategy are designed to drive growth in revenue and cash flows by attracting and retaining customers who place a premium on flexibility, speed and efficiency in bulk liquid storage. IMTT believes that the successful execution of this strategy will be a function of its being one of the largest, technologically advanced, and well-run suppliers of bulk liquid storage services in the key markets that it serves.

Flexibility: IMTT is one of the most attractive suppliers of bulk liquid storage services in its key markets as a result of its operational flexibility. Its facilities operate 24/7 providing shippers, refiners, manufacturers and distributors with prompt access to a wide range of storage services. In each of its two key markets, IMTT s scale ensures availability of sophisticated product handling and storage capabilities along with ancillary services such as heating and blending. In support of this flexibility, IMTT continues to improve its facilities by investing in upgrades of its docks, pipelines and pumping infrastructure, and facility management systems.

Investment in Growth: IMTT seeks to increase its share of available storage capacity in New York Harbor and the lower Mississippi River and thereby improve its competitive position in these key markets through a combination of:

building new tankage at existing facilities in these markets when supported by existing customer demand;
commissioning new storage facilities where it believes it can develop a strong base for future expansion; and
acquiring smaller terminals that offer the potential for improved profitability under IMTT leadership.

TABLE OF CONTENTS

Locations

The following table summarizes the location of each IMTT facility and the corresponding number of tanks in service, storage capacity in service, and number of ship and barge docks available for product transfer. This information reflects the site assets as of December 31, 2008 and does not include tanks used in packaging, recovery tanks, and other storage capacity not typically available for rent.

Facility	Land	Number of Storage Tanks in Service	Aggregate Capacity of Storage Tanks in Service (millions of barrels)	Number of Ship & Barge Berths in Service
Facilities in the United States:				
Bayonne, NJ	Owned	480	15.7	18
St. Rose, LA	Owned	187	12.8	16
Gretna, LA	Owned	54	2.0	5

Avondale, LA	Owned	81	1.1	4
Geismar, LA	Owned	34	0.9	3
Lemont, IL	Owned/ Leased	144	0.9	3
Joliet, IL	Owned	70	0.7	2
Richmond, CA	Owned	42	0.7	1
Chesapeake, VA	Owned	25	1.0	1
Richmond, VA	Owned	12	0.4	1
Facilities in Canada:				
Quebec City, Quebec[(1)]	Leased	47	2.0	2
Placentia Bay, Newfoundland[(2)]	Owned	6	3.0	2
Total		1,182	41.2	58

(1) Indirectly 66.7% owned and managed by IMTT.

(2) Indirectly 20.1% owned and managed by IMTT.

IMTT conducts operations predominantly on owned land. In addition to marine access, all facilities have road access and, except for Richmond, Virginia and Placentia Bay, Newfoundland, all sites have rail access.

Bayonne, New Jersey

The 15.7 million barrel storage terminal at Bayonne, New Jersey has the most storage capacity of any IMTT site. Located on the Kill Van Kull between New Jersey and Staten Island, the terminal occupies a strategically advantageous position in New York Harbor, or NYH. As the largest third-party bulk liquid storage facility in NYH, IMTT-Bayonne has substantial market share for third-party storage of refined petroleum products and chemicals.

NYH serves as the main petroleum trading hub in the northeast United States and the physical delivery point for the gasoline and heating oil futures contracts traded on New York Mercantile Exchange (NYMEX). In addition to waterborne shipments, products reach NYH through major refined petroleum product pipelines from the U.S. Gulf region, where approximately half of U.S. domestic refining capacity resides. NYH also serves as the starting point for refined product pipelines linked to inland markets and as a key port for U.S. refined petroleum product imports. IMTT-Bayonne has connections to the Colonial, Buckeye and Harbor refined petroleum product pipelines as well as rail and road connections. As a result, IMTT-Bayonne provides its customers with substantial logistical flexibility comparable or superior to those of its competitors.

IMTT-Bayonne has the capability to quickly load and unload the largest bulk liquid transport ships entering NYH. The U.S. Army Corp of Engineers (USACE) has dredged the Kill Van Kull channel passing the IMTT-Bayonne docks to 45 feet (IMTT has dredged some but not all of its docks to that depth). Most competitors in NYH have facilities located on the southern portion of the Arthur Kill (water depth substantially less than 45 feet) and force large ships to transfer product through lightering, or the process of

using barges to ferry product between the large ships in the harbor and the storage terminals. This latter technique substantially increases the cost of loading and unloading vessels. This competitive advantage for Bayonne may improve as the USACE has announced plans to dredge the Kill Van Kull to 50 feet (with no planned increase in the depth of the southern portion of the Arthur Kill).

Demand for third-party bulk liquid storage in NYH has remained strong during the past several years, as illustrated by the capacity utilization at the Bayonne facility. For the three years ended December 31, 2008, IMTT-Bayonne on

average rented over 95% of its available storage capacity.

St. Rose/Avondale/Gretna/Geismar, Louisiana

On the lower Mississippi River, IMTT currently operates four bulk liquid storage terminals (St. Rose, Avondale, Gretna and Geismar). With combined storage capacity of 16.8 million barrels, the four sites give IMTT substantial market share in third-party storage for black oil, bulk liquid chemicals, and vegetable oils on the lower Mississippi River.

The Louisiana terminals give IMTT a substantial presence in a key domestic transport hub. The lower Mississippi serves as a major transshipment point between the central United States and the rest of the world for exported agricultural products (such as vegetable oils) and imported chemicals (such as methanol). The region also has substantial domestic traffic related to the petroleum industry. The U.S. Gulf Coast region hosts approximately half of U.S. refining capacity yet accounts for only one-quarter of its consumption. As a result, Gulf Coast refiners send their products to other sections of the U.S. and overseas and require storage capacity and ancillary services to facilitate distribution. Thus, IMTT's Louisiana facilities, with their deep water ship and barge docks as well as access to rail and road infrastructure, are highly capable of performing the functions.

Demand for third-party bulk liquid storage on the lower Mississippi River has remained strong during the past several years, as illustrated by the capacity utilization at the IMTT Louisiana facilities. For the three years ended December 31, 2008, IMTT rented approximately 95% of the aggregate available storage capacity at St. Rose, Avondale, Gretna and Geismar.

Other Terminals

In addition to Bayonne and the four Louisiana sites, IMTT has smaller domestic operations in Chesapeake, Virginia; Richmond, Virginia; Lemont, Illinois; Joliet, Illinois; and Richmond, California. IMTT purchased the Joliet, IL facility, which it had operated and managed since 2003, in November 2007. In Canada, IMTT owns 66.7% of a terminal located at the Port of Quebec on the St. Lawrence River and a 20.1% interest in a facility located on Placentia Bay, Newfoundland. The latter facility serves as a transshipment point for crude oil from fields off the east coast of Canada. As a group, these U.S. and Canadian facilities have a total storage capacity of 8.6 million barrels and generated 13% of IMTT's terminal gross profit during 2008.

Competition

The competitive environment in which IMTT operates varies by terminal location. The principal competition for each of IMTT's facilities comes from other third-party bulk liquid storage facilities located in the same regional market. Kinder Morgan, which owns three bulk liquid storage facilities in New Jersey and Staten Island, NY, represents IMTT's major competitor in the NYH market. Kinder Morgan also owns facilities along the lower Mississippi near New Orleans. In both the NYH and lower Mississippi markets, IMTT operates the largest third-party terminal by capacity which, combined with the capabilities of IMTT's facilities, provides IMTT with a strong competitive position in both of these key bulk liquid storage markets.

IMTT's minor facilities in Illinois, California and Virginia represent only a small proportion of available bulk liquid storage capacity in their respective markets and have numerous competitors with facilities of similar or larger size and with similar capabilities.

Secondary competition for IMTT's facilities comes from bulk liquid storage facilities located in the same broad geographic region as IMTT's terminals. For example, bulk liquid storage facilities located on the Houston Ship Channel provide a moderate level of competition for IMTT's Louisiana facilities.

TABLE OF CONTENTS

Customers

IMTT provides bulk liquid storage services principally to vertically integrated petroleum product producers, petroleum product refiners, chemical manufacturers, food processors and traders of bulk liquid petroleum, chemical and agricultural products. No single customer represented greater than 10% of IMTT's total revenue for the year ended December 31, 2008.

Customer Contracts

IMTT generally rents storage tanks to customers under contracts with typical terms of three to five years. Pursuant to these contracts, customers generally pay for the capacity of the tank irrespective of whether they actually store product in the tank and the contracts generally have no early termination provisions. Customers generally pay rental charges monthly at rates stated in terms of cents per barrel of storage capacity per month. Tank rental rates vary by commodity stored and by location. IMTT's standard form of customer contract generally permits a certain number of free product movements into and out of the storage tank with charges for throughput exceeding the prescribed levels. In cases where stored liquids require heating to keep viscosity at acceptable levels, IMTT generally charges the customer for the heating with such charges essentially reflecting a pass-through of IMTT's cost. Heating charges principally cover the cost of fuel used to produce steam. Pursuant to IMTT's standard form of customer contract, tank rental rates, throughput rates and the rates for some other services generally increase based on annual inflation indices. Customers retain title to product stored in the tanks and have responsibility for securing insurance against loss. As a result, IMTT has no commodity price risk on liquid stored in its tank and have limited liability from product loss.

Regulation

The rates that IMTT charges for the services are not subject to regulation. However, a number of regulatory bodies oversee IMTT operations. IMTT must comply with numerous federal, state and local environmental, occupational health and safety, security, tax and planning statutes and regulations. These regulations require IMTT to obtain and maintain permits to operate its facilities and impose standards that govern the way IMTT operates its business. If IMTT does not comply with the relevant regulations, it could lose its operating permits and/or incur fines and increased liability. As a result, IMTT has developed environmental and health and safety compliance functions which are overseen by the terminal managers at the terminal level and IMTT's Director of Environmental, Health and Safety, Chief Operating Officer and Chief Executive Officer. While changes in environmental, health and safety regulations pose a risk to IMTT's operations, such changes are generally phased in over time to manage the impact on industry.

The Bayonne, New Jersey terminal, which has been acquired and expanded over a 25 year period, contains pervasive remediation requirements that were partially assumed at the time of purchase from the various former owners. One former owner retained environmental remediation responsibilities for a purchased site as well as sharing other remediation costs. These remediation requirements are documented in two memoranda of agreement and an administrative consent order with the State of New Jersey. Remediation efforts entail removal of the free product, soil treatment, repair/replacement of sewer systems, and the implementation of containment and monitoring systems. These remediation activities are expected to span a period of ten to twenty years or more.

The Lemont terminal has entered into a consent order with the State of Illinois to remediate contamination at the site that pre-dated IMTT's ownership. Remediation is also required as a result of the renewal of a lease with a government agency for a portion of the terminal. This remediation effort, including the implementation of extraction and monitoring wells and soil treatment, is estimated to span a period of ten to twenty years.

See Management's Discussion and Analysis of Financial Condition and Results of Operations Liquidity and Capital Resources for discussion of the expected future capitalized cost of environmental remediation.

Management

The day-to-day operations of IMTT's terminals are overseen by individual terminal managers who are responsible for all aspects of the operations at their respective sites. IMTT's terminal managers have on average 30 years experience in the bulk liquid storage industry and 17 years service with IMTT.

The IMTT head office in New Orleans provides the business with central management, performs support functions such as accounting, tax, human resources, insurance, information technology and legal services and provides support for functions that have been partially de-centralized to the terminal level such as engineering and environmental and occupational health and safety regulatory compliance. IMTT's senior management team other than the terminal managers have on average 35 years experience in the bulk liquid storage industry and 27 years service with IMTT.

Employees

As at December 31, 2008, IMTT (excluding non-consolidated sites) had a total of 1,061 employees with 789 employed at the bulk liquid storage terminals, 150 employed by Oil Mop, 51 employed by St. Rose Nursery and 71 employed at the head office in New Orleans. At the Bayonne terminal, 137 staff members are unionized, 54 of the staff members are unionized at the Lemont and Joliet terminals and 34 staff members are unionized at the Quebec terminal. We believe employee relations at IMTT are good.

Shareholders' Agreement

Upon acquisition of our interest in IMTT we became a party to a shareholders' agreement relating to IMTT Holdings Inc. The other parties to the shareholders' agreement are IMTT Holdings Inc. and the other shareholders of IMTT Holdings. A summary of the key terms of the IMTT Holdings Inc. shareholders agreement is provided below:

Term	Detail and Comment
Parties	IMTT Holdings Inc., Then-Current Shareholders and Macquarie Terminal Holdings, LLC, our wholly-owned subsidiary.
Board of Directors and Investor Representative	Board of IMTT Holdings consisting of six members with three appointees from Macquarie Terminal Holdings, LLC.
	All decisions of the Board require majority approval, including the approval of at least one member appointed by Macquarie Terminal Holdings, LLC and one member appointed by the Then-Current Shareholders.
	Customary list of items that must be referred to Board for approval.

	We have appointed an Investor Representative, or IR, and may, at our election, delegate some decision making authority with respect to IMTT to the IR.
Dividend Policy	Fixed quarterly distributions to us of $7.0 million per quarter through December 31, 2008 subject only to (i) compliance with financial covenants and law and (ii) retention of adequate cash reserves and committed and unutilized credit facilities as required for IMTT to meet the normal requirements of its business and to fund capital expenditures commitments approved by the Board.
	Commencing March 2009, required quarterly distributions to all shareholders of 100% of cash from operations and cash from investing activities less maintenance capital expenditures, subject only to (i) compliance with financial covenants and laws and (ii) retention of adequate cash reserves and committed and unutilized credit facilities as required for IMTT to meet the normal requirements of its business and to fund capital expenditures commitments approved by the Board.
	Commencing March 2009, if debt to EBITDA (excluding shareholder loans) at the end of the quarter is greater than 4.25x, then the payment of dividends is not mandatory. During 2009 and the first quarter of 2010, the debt value for this calculation will be equal to total debt outstanding (excluding shareholder loans) less $125.0 million.

16

TABLE OF CONTENTS

Term	Detail and Comment
	The issuance of GO Zone bonds by IMTT in 2007 triggered fixed adjustments to shareholder dividends during the period from 2009 through 2015.
Capital Structure Policy	Commencing March 2009, minimum gearing requirement of debt to EBITDA (excluding shareholder loans) of 3.75x.
Corporate Opportunities	All shareholders are required to offer investment opportunities in bulk liquid terminal sector to IMTT.
Non-Compete	Shareholders will not invest or engage in businesses that compete directly with IMTT's business.
CEO and CFO Succession	

Pre-agreed successor to current chief executive officer is identified. Thereafter, Then-Current Shareholders are entitled to nominate chief executive officer whose appointment will be subject to Board approval.

After the current chief financial officer, we are entitled to nominate all subsequent chief financial officers whose appointment will be subject to Board approval.

Gas Production and Distribution Business

Business Overview

Founded in 1904, The Gas Company, LLC, or TGC, is Hawaii's only government franchised full-service gas energy company making gas products and services available in Hawaii. The market includes Hawaii's approximately 1.3 million residents and its approximately 6.8 million visitors in 2008. TGC manufactures synthetic natural gas, or SNG, for its utility customers on Oahu. TGC also provides both regulated and unregulated gas distribution services on the state's six primary islands.

TGC has two primary businesses, utility (or regulated) and non-utility (or unregulated):

The utility business includes the manufacture, distribution and sale of SNG on the island of Oahu and distribution and sale of liquefied petroleum gas, or LPG, to approximately 35,500 customers through localized distribution systems located on the islands of Oahu, Hawaii, Maui, Kauai, Molokai and Lanai (listed by size of market with Oahu being the largest). Utility revenue consists principally of sales of thermal units, or therms, of SNG and LPG. One gallon of LPG is the equivalent of 0.913 therms. The operating costs for the utility business include the cost of locally purchased feedstock, the cost of manufacturing SNG from the feedstock, LPG purchase costs and the cost of distributing SNG and LPG to customers. Sales to regulated accounts comprise approximately 60% of TGC's total revenue and therm sales.

The non-utility business comprises the sale of LPG to approximately 33,000 customers. Trucks deliver LPG to individual tanks located on customer sites on Oahu, Hawaii, Maui, Kauai, Molokai and Lanai. Non-utility revenue consists of sales of gallons of LPG. The operating costs for the non-utility business include the cost of purchased LPG and the cost of distributing the LPG to customers. These sales comprise approximately 40% of TGC s total revenue and therm sales.

TGC believes it supplies all of the regulated market and approximately 75% of the non-regulated gas market, or approximately 90% of the state's overall gas market. TGC has two products: SNG and LPG. Both products are relatively clean-burning fuels that produce lower levels of carbon emissions than other hydrocarbon fuels such as coal or oil. This is particularly important in Hawaii where heightened public awareness of environmental impact makes lower emission products attractive to customers.

SNG and LPG have a wide number of commercial and residential applications including water heating, drying, cooking, emergency power generation, and decorative lighting. LPG is also used as a fuel for specialty vehicles such as forklifts. Gas customers include residential customers, for whom TGC has nearly all of the market, and a wide variety of commercial, hospitality and wholesale customers.

17

TABLE OF CONTENTS

Although the Hawaii Public Utilities Commission, or HPUC, sets the base price for the SNG and LPG sold by our regulated business, TGC is permitted to pass through changes in its raw materials cost by means of a monthly fuel

adjustment charge. The adjustment protects the profitability of the regulated business from feedstock price changes.

As with many businesses in Hawaii, TGC is affected by the tourism industry, which can be measured by visitor arrivals. According to the State of Hawaii Department of Business and Economic Development and Tourism, 2008 visitor arrivals decreased by approximately 11% from 2007 and for 2009, visitor arrivals are expected to decline by a further 2%. In the near-term, TGC will face challenges resulting from a slower economy, primarily due to fewer visitor arrivals as noted above. As the number of visitors decline, tourism-related businesses, such as hotels and restaurants, experience less gas demand for water heating, drying and cooking. In 2008, the state of Hawaii initiated the Hawaii Clean Energy Initiative with a goal of creating a 70% clean energy economy by 2030. We believe this initiative will enhance TGC s opportunities as a clean energy provider.

Financial information for this business is as follows ($ in millions):

	As at, and for the Year Ended, December 31,		
	2008	2007	2006
Revenue[1]	$ 213.0	$ 170.4	$ 160.9
Operating income	19.8	17.7	16.6
Total assets	330.2	313.1	308.5
% of our consolidated revenue	20.2 %	20.5 %	16.9 %

(1) Revenue and operating income in 2006 include amounts prior to our acquisition.

Our Acquisition

On June 7, 2006, we completed the acquisition of TGC from k1 Ventures Limited. The cost of the acquisition, including working capital adjustments and transaction costs, was approximately $263.2 million. In addition, we incurred financing costs of approximately $3.3 million.

Strategy

TGC s long-term strategy is focused on increasing and diversifying its customer base and, accordingly, its revenue and cash flow. To succeed with this strategy we intend to develop opportunities arising from growth in Hawaii's population, expanded government operations (primarily military) and the tourism industry. In addition, we intend to invest in and promote the value of TGC's products and services and their attractiveness as an alternative to other energy sources in Hawaii. Although the impact of the economic slowdown on the tourism industry in particular may adversely affect the financial performance of the business in the near term, we believe that over the long term TGC is well positioned to generate stable and growing cash flows based on its established customer base, a locally well-known and respected brand and its strong competitive position in Hawaii.

New Opportunities: The growth of Hawaii's resident population and tourism-fueled economic growth present opportunities for increasing TGC's base of residential and commercial customers. We will position TGC to take advantage of future growth by strengthening relationships with hotel, restaurant and residential developers, along with representatives of the military community and other commercial customers.

Value Proposition: We market TGC s gas products as an environmentally friendlier alternative to electricity generation and TGC itself as an established, reliable and cost-effective distributor of those products. We believe that our gas products are among the most efficient sources of energy in Hawaii for applications including cooking, laundry and decorative lighting, particularly when compared with electricity generated from oil and or diesel. TGC will continue to invest in the development and improvement of its SNG distribution system and increase its LPG storage

capacity, both of which will enhance the reliability and cost effectiveness of our service.

Products

While the continental U.S. obtains natural gas from wells drilled into underground reservoirs of porous rock, Hawaii relies solely on manufactured and imported alternatives. Hawaii does not have any sources for natural gas.

Synthetic Natural Gas. TGC catalytically converts a light hydrocarbon feedstock (currently naphtha) to SNG. The product is chemically similar in most respects to natural gas and has a similar heating value on a per cubic foot basis. TGC has the only SNG manufacturing capability in Hawaii at its plant located on the island of Oahu. All SNG is delivered by underground piping systems to customers on Oahu.

Liquefied Petroleum Gas. LPG is a generic name for a mixture of hydrocarbon gases, typically propane and butane. LPG liquefies at a relatively low pressure under normal temperature conditions. As a result, LPG can be stored or transported more easily than natural or synthetic natural gas. LPG is typically transported in cylinders or tanks. Domestic and commercial applications of LPG are similar to those of natural gas and synthetic natural gas.

Utility Regulation

TGC's utility business is regulated by the HPUC, while TGC's non-utility business is not. The HPUC exercises broad regulatory oversight and investigative authority over all public utility companies doing business in the state of Hawaii.

Rate Regulation. The HPUC regulates the rates that TGC can charge its utility customers via cost of service regulation. The rate approval process is intended to ensure that a public utility has a reasonable opportunity to recover costs that are prudently incurred and earn a fair return on its investments, while protecting consumer interests.

TGC's utility rates are established by the HPUC in periodic rate cases initiated by TGC when it has the need to do so. Historically, this has occurred approximately every five years. TGC initiates a rate case by submitting a request to the HPUC for an increase in the rates based, for example, upon materially higher costs related to providing the service. The HPUC and the Hawaii Division of Consumer Advocacy, or DCA, may also initiate a rate case, although such proceedings have been relatively rare in Hawaii and will generally only occur if the HPUC or DCA receive numerous complaints about the rates being charged or if there is a concern that TGC's regulated operations may be earning a greater than authorized rate of return on investment for an extended period of time.

During the rate approval process, TGC must demonstrate that, at its current rates and using a forward projected test year, its revenue will not provide a reasonable opportunity to recover costs and obtain a fair return on its investment. Following submission by the DCA and other intervening parties of their positions on the rate request, and potentially an evidentiary hearing, the HPUC issues a decision establishing the revenue requirements and the resulting rates that TGC will be allowed to charge. This decision relies on statutes, rules, regulations, precedent and well-recognized ratemaking principles. The HPUC is statutorily required to issue an interim decision on a rate case application within a certain time period, generally ten months following application, depending on the circumstances and subject to TGC's compliance with procedural requirements. In addition to formal rate cases, tariff changes and capital additions are also approved by the HPUC.

The most recent TGC rate case, resulting in a 9.9% increase, was approved by the HPUC in May 2002. In August 2008, TGC submitted its application for an 8.4% increase in its utility rates. If approved, the new rates could be

effective as early as July 2009. The rate case application is currently under review by the HPUC and the independent Consumer Advocate. The outcome of the company s rate application cannot be estimated. As permitted by the HPUC, changes in TGC's gas feedstock costs since the last rate case have been passed through to customers via a monthly fuel adjustment charge.

Competition

Regulated Business. TGC holds the only government franchise for regulated gas services in Hawaii. This enables it to utilize public easements for its pipeline distribution systems. This franchise also provides some protection from competition within the same gas-energy sector since TGC has developed and owns extensive below-ground distribution infrastructure. The costs associated with developing distribution

TABLE OF CONTENTS

infrastructure are significant. However, gas products can be stored in LPG tanks, and TGC's regulated customers, in most instances, have the ability to use unregulated gas supplied by TGC or its competitors by using LPG tanks.

Since electricity has similar markets and uses, TGC's regulated business also competes with electric utilities in Hawaii. Hawaii's electricity is generated by four electric utilities and various non-utility generators. Non-utility generators, such as agricultural producers, can enter into power purchase agreements with electric utilities or others to sell any excess power. In addition, some large customers have the ability to utilize diesel fuel or other petroleum products to provide heat energy for uses that compete with gas.

Unregulated Business. TGC also sells LPG in an unregulated market on the six primary islands of Hawaii. There are two other wholesale companies and several small retail distributors that share the LPG market. The largest of these is AmeriGas. We believe TGC has a competitive advantage because of its established customer base, storage facilities, distribution network and reputation for reliable, cost-effective service. Depending upon the end-use, the unregulated business also competes with electricity, diesel and solar energy providers. For example, diesel, solar energy, gas and electricity are all used for water heating in Hawaii.

Fuel Supply, SNG Plant and Distribution System

TGC obtains its LPG from foreign imports and two oil refineries located on the island of Oahu. LPG is supplied to TGC's non-Oahu customers by direct deliveries from the overseas suppliers and by barge delivery pursuant to the terms of an exclusive charter contract.

TGC also obtains its raw feedstock for SNG production from one of the Oahu refineries. TGC owns the pipelines, storage and infrastructure to handle this supply and the resulting SNG. TGC's total storage capacity, as of December 31, 2008, excluding product contained in transmission lines, barges and tanks that are on customer premises is approximately 2.1 million gallons.

Regulated Business

TGC manufactures SNG at its SNG plant, located west of the Honolulu business district, by converting naphtha purchased from the Tesoro refinery. The SNG plant configuration is effectively two production units. For most major pieces of equipment the configuration provides redundancy and helps ensure continuous and adequate supply. A propane air unit, near the Honolulu business district, provides backup in the event of a SNG plant shutdown. The SNG plant operates continuously with only a 15% seasonal variation in production and operates well within its design

capacity of 150,000 therms per day. We believe that as of December 31, 2008 the SNG plant has, with an appropriate level of maintenance capital investment, an estimated remaining economic life of approximately 20 years and that the economic life of the plant is further extendable with additional capital investment.

The SNG plant receives feedstock and fuel from the Tesoro refinery under a Petroleum Feedstock Agreement, or PFA, and an Interruptible Supply Agreement. The PFA has an initial term ending April 30, 2009 and continues thereafter from year to year until terminated by either party upon at least 90 days notice prior to the end of the then current term. The Interruptible Supply Agreement has a 90 day term which either party can terminate upon 90 days notice. Together the contracts provide that TGC will purchase the first 3.5 million gallons of its requirements of feedstock per month from Tesoro. The PFA is sufficient to meet the needs of the SNG plant for firm load requirements. The pricing of the firm feedstock is based on a blended gasoline and diesel index.

A 22-mile transmission line links the SNG plant to a distribution system that ends in south Oahu. The transmission pipeline is predominately sixteen-inch piping and is utilized to move SNG from the plant to Pier 38 near the financial district in Honolulu. This line also provides short-term storage of SNG. From Pier 38 a pipeline distribution system consisting of approximately 900 miles of transmission, distribution and service pipelines takes the gas to customers. Additionally, LPG is trucked to holding tanks on Oahu and shipped by barge to neighboring islands where it is distributed via pipelines to utility customers that are not connected to the Oahu SNG pipeline system. Approximately 90% of TGC's pipeline system is on Oahu.

Unregulated Business

The non-utility business serves gas customers that are not connected to the TGC utility pipeline system. The LPG is acquired from the two Oahu refineries and from foreign suppliers. It is distributed to neighboring island customers utilizing two LPG-dedicated barges exclusively time-chartered from a third-party, harbor pipelines, trucks, several holding facilities and storage base-yards on Kauai, Maui and Hawaii.

TGC is the only unregulated LPG provider in Hawaii that has three sources of LPG supply: two petroleum refineries on the island of Oahu and foreign sources received from ships through TGC s harbor facilities. Both LPG agreements with the Hawaii refineries have initial terms ending in 2009 with one-year renewal periods, unless terminated by either party upon at least 90 days notice. TGC purchases LPG from foreign sources pursuant to a foreign supply agreement and through spot-market purchases, if needed.

The Jones Act

The barges transporting LPG between Oahu and its neighbor islands must comply with the requirements of the Jones Act (Section 27 of the Merchant Marine Act of 1920). TGC currently has the use of two Jones Act-qualified barges, having the capability of transporting 424,000 gallons and 500,000 gallons of LPG, respectively, under a time charter arrangement with a third-party.

Because there are no Jones Act-qualified ships transporting LPG in the Pacific, TGC cannot purchase LPG from the U.S. mainland. Therefore, TGC can only supplement its local purchases with LPG imported from outside the U.S. and carried on foreign tankers.

Employees and Management

As of December 31, 2008, TGC had 308 active employees, of which 209 are unionized. The unionized employees are subject to a collective bargaining agreement that became effective May 1, 2008 and expires on April 30, 2013. TGC believes it has a good relationship with the union and there have been no major disruptions in operations due to labor matters for over 30 years. Management of TGC is headquartered in Honolulu with branch managers at operating locations.

Environmental Matters

Environmental Permits: Gas distribution systems require environmental operating permits. The most significant are air and wastewater permits that are required for the SNG plant. These permits contain restrictions and requirements that are typical for an operation of this type. To date, TGC has been in compliance in all material respects with all applicable provisions of these permits.

Environmental Compliance: TGC believes that it is in compliance in all material respects with applicable state and federal environmental laws and regulations. With regard to hazardous waste, all TGC facilities are generally classified as conditionally exempt small quantity generators, which means they generate between zero and one hundred kilograms of hazardous waste in a calendar month. Under normal operating conditions, the facilities do not generate hazardous waste. Hazardous waste, when produced, poses little ongoing risk to the facilities from a regulatory standpoint because SNG and LPG dissipate quickly if released.

Other Environmental Matters. Pier 38 and Parcels 8 and 9, which are owned by the State of Hawaii Department of Transportation Harbors Division, or DOT, and which are currently used or have been used previously by TGC or its predecessors, have known environmental contamination and have undergone remediation work. Prior operations on these parcels included a parking lot, propane loading and unloading facilities, a propane air system and a propane tank storage and maintenance facility. In 2005, Parcel 8 and a portion of Parcel 9 were returned to DOT under an agreement that did not require remediation by TGC. We believe that the contamination on the portion of Parcel 9 that TGC continues to use resulted from sources other than TGC's operations because the contamination is not consistent with TGC's past uses of the property.

TABLE OF CONTENTS

District Energy Business

Overview

Our district energy business consists of 100% ownership of Thermal Chicago and a 75% interest in Northwind Aladdin. We also own all of the senior debt of Northwind Aladdin. The remaining 25% equity interest in Northwind Aladdin is owned by Nevada Electric Investment Company, or NEICO, an indirect subsidiary of NV Energy, Inc. (formerly known as Sierra Pacific Resources).

Financial information for this business is as follows ($ in millions):

As at, and for the
Year Ended, December 31,

	2008	2007	2006
Revenue	$ 48.0	$ 49.5	$ 43.6
Operating income	11.6	11.8	9.0
Total assets	227.1	232.6	236.1
% of our consolidated revenue	4.6 %	6.0 %	8.4 %

Thermal Chicago operates the largest district cooling system in the United States. The system currently serves approximately 100 customers in downtown Chicago under long-term contracts and one customer outside the downtown area. Thermal Chicago has signed contracts with six additional customers that are expected to start service in 2009 and beyond. Our district energy business produces chilled water at five modern plants located in downtown Chicago and distributes it through a closed loop of underground piping for use in the air conditioning systems of large commercial, retail and residential buildings in the central business district. The first of the plants became operational in 1995, and the most recent came on line in June 2002. Our downtown system currently has a capacity of approximately 87,000 tons of chilled water which is expected to increase to approximately 92,000 tons by mid-2009 upon completion of the modification work at one of the Chicago plants. The downtown system's deliverable capacity is approximately 4,000 tons more than the system capacity due to the reduced rate arrangements with interruptible customers who, when called upon, could meet their own cooling needs during periods of peak demand.

Thermal Chicago also owns a site-specific heating and cooling plant that serves a single customer in Chicago outside of the downtown area. This plant has the capacity to produce 4,900 tons of cooling and 58.2 million British Thermal Units, or BTUs, of heating per hour.

Northwind Aladdin owns and operates a stand-alone facility that provides cold and hot water (for chilling and heating, respectively) to several customers in Las Vegas, Nevada. Northwind Aladdin represented 19% of the operating cash flows of our district energy business in 2008. The Northwind Aladdin plant has been in operation since 2000 and has the capacity to produce approximately 9,300 tons of chilled water, 40 million BTUs of heating per hour and to generate approximately 5 megawatts of electricity in emergencies.

Our Acquisition

On the day following our initial public offering, we acquired 100% of the membership interests in Macquarie District Energy Holdings, LLC, the holding company of our district energy business, from the Macquarie Group, for $67.0 million (including transaction costs) and assumed $120.0 million of senior debt.

Industry Overview

District energy is the provision of chilled water, steam and/or hot water from a centralized plant through underground piping for cooling and heating purposes. A typical district energy customer is the owner/manager of a large office or residential building or facilities such as hospitals, universities or municipal buildings. District energy systems exist in most major North American and European cities and some have been in operation for over 100 years. District energy is not, however, an efficient option for suburban areas where customers are widely dispersed.

Revenue from providing district energy services under contract are usually fixed capacity payments and variable usage payments. Capacity payments are made regardless of the actual volume of services used. Usage payments are based on the level of services consumed.

TABLE OF CONTENTS

Strategy

Our strategy for our district energy business is to position district energy in the market as the most efficient and effective method of providing building cooling such that we attract and connect new customers to our system and invest in further expansion. We believe that our district energy business will continue to generate consistent revenue and stable cash flows as a result of the long-term contractual relationships with our customers and our management team s proven ability to improve the operating performance of the business.

Organic Growth: We intend to grow revenue and profits by successfully marketing our services to developers in the downtown Chicago market. Our value proposition is centered on high reliability, efficiency and ease of maintenance. Our management team develops and maintains relationships with property developers, engineers, architects and city planners as a means of keeping our district energy business and these attributes top of mind when they select among building cooling systems and services.

System Expansion: Since 2004, system modifications and expansion of one of our plants have increased total cooling capacity by approximately 10,000 tons or 10%. Projects currently under development will further expand the system capability and accommodate an expected increase in demand for district cooling in Chicago.

Business Thermal Chicago

Operations

Each chilled water plant is staffed when in operation and has a central control room from which the plant can be operated and customer site parameters can be monitored and controlled. The plant operators can monitor, and in some cases control, the functions of other plants allowing them to cross-monitor critical functions.

Since the commencement of operations, there have been no unplanned interruptions of service to any customer. Occasionally, we have experienced plant or equipment outages due to electricity loss or equipment failure, however, in these cases we have had sufficient idle capacity to maintain customer loads. When maintenance work performed on the system has required customer interruption, we have been able to coordinate our operations so as to continue to meet customer needs. The effect of major electric outages is generally mitigated since the plants affected by the outages cannot produce cooling and affected customers are unable to use the cooling service.

Corrective maintenance is typically performed by qualified contract personnel and off-season maintenance is performed by a combination of plant staff and contract personnel.

Customers

We currently serve approximately 100 customers in downtown Chicago and one outside the downtown area, and have signed contracts with six additional customers expected to begin service in 2009 and beyond. Our customer base is diverse and consists of retail stores, office buildings, residential buildings, theaters and government facilities. Office and commercial buildings constitute approximately 70% of our customer base. No one customer accounts for more than 10% of total contracted capacity and only two customers account for more than 5% of total contracted capacity each. The top 20% of our customers account for approximately 60% of contracted capacity.

Our downtown district energy system has approximately 98,000 tons of cooling under contract and in service. Service to interruptible customers may be discontinued at any time and in return interruptible customers pay lower prices for the service. We are able to sell continuous service capacity in excess of the total system capacity because not all customers use their full capacity at the same time. Because of this variation in customer usage patterns, we have not

had to discontinue service to any interruptible customer since the initial phases of system construction.

We typically enter into contracts with the owners of the buildings to which the chilled water service is provided. The terms of customer contracts vary, however, the majority require a make whole payment if a customer wishes to terminate a contract early or if we terminate the contract for customer default. The make

---

whole payment allows us to recover a portion of the capital that we invested to provide service to the customer. The weighted average life of customer contracts as of December 31, 2008 is approximately 13 years.

Customers pay two charges to receive chilled water services: a fixed, or capacity charge, and a variable, or consumption charge. The capacity charge is a fixed monthly amount based on the maximum number of tons of chilled water that we have contracted to make available to the customer at any point in time. The consumption charge is a variable amount based on the volume of chilled water actually used during a billing period.

Adjustments to the capacity charge and consumption charge occur periodically, typically annually, either based on changes in certain economic indices or, under some contracts, at a flat rate. Capacity charges generally increase at a fixed rate or are indexed to the Consumer Price Index, or CPI, as a broad measure of inflation. Consumption charges are generally indexed to changes in a number of indices. These indices measure changes in the costs of electricity, labor and chemicals in the region in which we operate. While the indices used vary, consumption charges in approximately 75% of our contracts (by capacity) are indexed to indices weighted at least 50% to the CPI, costs of labor and chemicals with the balance reflecting changes in electricity costs. The largest and most variable direct expense of the operation is electricity, comprised of three major components: generation, transmission and distribution. Illinois' electricity generation market deregulated as anticipated in January 2007. We believe that the terms of our customer contracts permit us to fully pass through our electricity cost increases or decreases.

Seasonality

Consumption revenue is higher in the summer months when the demand for chilled water is at its highest. Approximately 80% of consumption revenue is received in the second and third quarters combined each year.

Competition

Thermal Chicago is not subject to substantial competitive pressures. Per their contracts with us, customers are generally not allowed to cool their premises by means other than the chilled water service we provide. In addition, the primary alternative available to building owners is the installation of a stand-alone water chilling system (self-cooling). While competition from self-cooling exists, we expect that the vast majority of our current contracts will be renewed at maturity. Installation of a water chilling system requires significant building reconfiguration as well as space reconfiguration and capital expenditure, whereas our district energy business has the advantage of economies of scale in terms of plant efficiency, staff and power purchasing.

We believe competition from an alternative district energy system in the Chicago downtown market is unlikely. There are significant barriers to entry including the considerable capital investment required, the need to obtain City of Chicago consent and the difficulty in obtaining sufficient customers given the number of buildings in downtown Chicago already committed under long-term contracts to use our system.

City of Chicago Use Agreement

We are not subject to specific government regulation, but our downtown Chicago system operates under the terms of a Use Agreement with the City of Chicago. The Use Agreement establishes the rights and obligations of our district energy business and the City of Chicago with respect to our use of the public ways. Under the Use Agreement, we have a non-exclusive right to construct, install, repair, operate and maintain the plants, facilities and piping essential in providing district cooling chilled water service to customers.

During 2008, the Chicago City Council approved Amendment 25 to our Use Agreement which extends the term of the Agreement for an additional 20 years until December 31, 2040. Any proposed renewal, extension or modification of the Use Agreement will be subject to the approval by the City Council of Chicago.

Management

The day-to-day operations of our district energy business are managed by a team located in Chicago, Illinois. Our management team has a broad range of experience that includes engineering, construction and

---

project management, business development, operations and maintenance, project consulting, energy performance contracting, and retail electricity sales. The team also has significant financial and accounting experience.

Business Northwind Aladdin

Approximately 90% of Northwind Aladdin's 2008 operating cash flows were generated from a long-term contract with the Planet Hollywood resort and casino. The Planet Hollywood resort and casino in Las Vegas includes a hotel with over 2,500 rooms, a 100,000 square foot casino and a 75,000 square foot convention and conference facility. An additional building is being constructed on the property, and the Northwind Aladdin plant has the capability to serve this building. The existing contracts with the resort and casino expire in February 2020. At expiration, the plant will either be abandoned by us and ownership will pass to the resort and casino for no compensation, or the plant will be removed by us at a cost to the resort and casino.

The Northwind Aladdin plant has been in operation since 2000 and has the capacity to produce approximately 9,300 tons of chilled water, 40 million BTUs of heating per hour and to generate approximately 5 megawatts of electricity. The plant is staffed 24 hours a day. The plant supplies district energy services to its customers via an underground pipe system.

Employees

As of December 31, 2008, our district energy business had 42 full-time employees and one part-time employee. In Chicago, 28 plant staff members are employed under a three-year collective bargaining agreement expiring on January 14, 2012. In Las Vegas, the 7 plant staff members are employed under a four-year labor agreement expiring on March 31, 2009. We have begun negotiations on an extension of the labor agreement in Las Vegas. We believe our relations with employees are good.

Airport Parking Business

Overview

Our airport parking business is the largest provider of off-airport parking services in the United States, as measured by number of facilities. The business operates 31 facilities comprising over 40,000 parking spaces near 20 major airports across the United States. Our airport parking business provides customers with 24-hour secure parking close to airport terminals, as well as transportation via shuttle bus to and from their vehicles and the terminal. Operations are carried out on either owned or leased land at locations near the airports. Operations on owned land or land subject to leases longer than 20 years (including extension options) account for a majority of operating income.

The day-to-day operations of our airport parking business are managed by a team primarily located at its head office. We are in the process of relocating the head office from Downey, California to existing facilities in Philadelphia, Pennsylvania.

Financial information for this business is as follows ($ in millions):

	As at, and for the Year Ended, December 31,		
	2008	2007	2006
Revenue	$ 74.7	$ 77.2	$ 76.1
Operating (loss) income[(1)]	(165.1)	5.9	(10.1)
Total assets[(1)]	199.0	280.4	283.5
% of our consolidated revenue	7.1 %	9.3 %	14.6 %

(1) Includes non-cash impairment charges related to goodwill of $138.8 million, property, equipment, land and leasehold improvements of $19.1 million and intangible assets of $8.1 million for 2008 and includes non-cash impairment charge of $23.5 million for existing trademarks and domain names due to a rebranding initiative for 2006.

TABLE OF CONTENTS

Our Acquisition

In December 2004, following our initial public offering, we acquired interests in companies forming our airport parking business from various companies within, or managed by, the Macquarie Group. The total purchase price was $63.8 million. Upon closing these transactions, we owned 100% of PCAA Holdings and 87.2% of PCAA Parent, two of the holding companies within the airport parking business.

On October 3, 2005, our airport parking business acquired a total of eight facilities. We contributed $14.4 million to partially finance these transactions, and as a result, our ownership interest in the airport parking business increased to 88.0%.

In April 2008, we contributed $13.3 million cash to the business to facilitate the acquisition of a property in Oakland for $13.5 million, including transaction costs. The property was previously leased and the purchase eliminated approximately $1.2 million of annual cash rent expense. In July 2008, our airport parking business acquired a self-park facility in Newark, New Jersey for which we contributed $11.4 million to finance the acquisition, and related

transaction costs. At December 31, 2008, our ownership interest in the airport parking business was 91.0%.

Business

Operations

Customers of the airport parking business either park their own cars or utilize our valet parking services. A shuttle bus fleet provides transit from the parking facility to the airport terminal or from the terminal to the parking facility, as the case may be. The parking facility is typically within a five to seven minute bus ride from the terminal.

In addition to reserved parking and shuttle services, we provide ancillary services such as car washes and auto repairs at some parking facilities to attract customers to the facility and/or to earn additional revenue at the facility.

Marketing

Our marketing platform consists of our online efforts and promotions, cross-selling through and with third parties, and advertising in media such as in-flight magazines.

Competition

In general, on and off-airport parking facilities compete on the basis of location (relative to the airport and major access roads), quality of facilities (including whether the facilities are covered), type of service provided (self-park or valet), security, service (especially relating to shuttle bus transportation and frequency and convenience of drop-off), price and marketing. We face direct competition from the on-airport parking facilities operated by each airport, many of which are located closer to passenger terminals than our locations. Airports generally have significantly more parking spaces than we do and provide different parking alternatives, including self-park short-term and long-term, off-airport lots and valet parking options.

We also face competition from existing and new off-airport competitors at our airports. While competition is local in each market, we face strong, and in some of our more profitable markets, growing competition and aggressive pricing in some cases. To the extent that new competitors, whether local operators or national firms, enter or expand in one of our existing markets they could cause a reduction in our revenue by putting pressure on margins, taking market share from us, or both.

Regulation

Our airport parking business is subject to federal, state and local regulation relating to environmental protection. In addition, we transport customers by shuttle bus between the airport terminals and our parking facilities and are subject to the rules and policies of the local airport. The FAA and Transportation Safety Administration, or the TSA, generally have the authority to restrict access to airports as well as to impose parking and other restrictions near the airport sites.

Municipal and state authorities sometimes directly regulate parking facilities. We also may be affected periodically by government condemnation of our properties, in which case we will generally be compensated.

TABLE OF CONTENTS

We are also affected periodically by changes in traffic patterns and roadway systems near our properties and by laws and regulations (such as zoning ordinances) that are common to any business that deals with real estate.

Employees

As of December 31, 2008, our airport parking business employed approximately 1,060 individuals. Approximately 14% of its employees are covered by collective bargaining agreements. We believe that employee relations at this business are generally good.

Our Employees   Consolidated Group

As of December 31, 2008, we had approximately 3,600 employees at our four consolidated businesses (excluding IMTT) of which approximately 20% are subject to collective bargaining agreements. The Company itself does not have any employees.

AVAILABLE INFORMATION

We file annual, quarterly and current reports, proxy statements and other information with the SEC. You may read and copy any document we file with the SEC at the SEC's public reference room at 100 F Street, NE, Washington, DC 20549. Please call the SEC at 1-800-SEC-0330 for information on the operations of the public reference room. The SEC maintains a website that contains annual, quarterly and current reports, proxy and information statements and other information that issuers (including Macquarie Infrastructure Company) file electronically with the SEC. The SEC's website is *www.sec.gov*.

Our website is *www.macquarie.com/mic*. You can access our Investor Center through this website. We make available free of charge, on or through our Investor Center, our proxy statements, annual reports to shareholders, annual report on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and any amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, or the Exchange Act, as soon as reasonably practicable after such material is electronically filed with, or furnished to, the SEC. We also make available through our Investor Center statements of beneficial ownership of the LLC interests filed by our Manager, our directors and officers, any 10% or greater shareholders and others under Section 16 of the Exchange Act.

You can also access our Governance webpage through our Investor Center. We post the following on our Governance webpage:

Third Amended and Restated Operating Agreement of Macquarie Infrastructure Company
Amended and Restated Management Services Agreement, as further amended
Corporate Governance Guidelines
Code of Ethics and Conduct
Charters for our Audit Committee, Compensation Committee and Nominating and Corporate Governance Committee
Policy for Shareholder Nomination of Candidates to Become Directors of Macquarie Infrastructure Company
Information for Shareholder Communication with our Board of Directors, our Audit Committee and our Lead Independent Director

Our Code of Ethics and Conduct applies to all of our directors, officers and employees as well as all directors, officers and employees of our Manager involved in the management of the company and its businesses. We will post any amendments to the Code of Ethics and Conduct, and any waivers that are required to be disclosed by the rules of either the SEC or the New York Stock Exchange, or NYSE, on our website. The information on our website is not incorporated by reference into this report.

You can request a copy of these documents at no cost, excluding exhibits, by contacting Investor Relations at 125 West 55th Street, New York, NY 10019 (212-231-1000).

TABLE OF CONTENTS

Item 1A. Risk Factors

An investment in our LLC interests involves a number of risks. Any of these risks could result in a significant or material adverse effect on our results of operations or financial condition and a corresponding decline in the market price of the LLC interests.

Risks Related to Our Business

The current economic recession and adverse equity and credit market conditions may have a material adverse effect on our results of operations, our liquidity or our ability to obtain credit on acceptable terms.

The equity and credit markets have been experiencing extreme volatility and disruption. In some cases, the markets have exerted downward pressure on the availability of liquidity and credit capacity. In response to recent market disruptions, legislators and financial regulators implemented and have proposed a number of mechanisms designed to add stability and liquidity to the financial markets. The overall effects of these and other legislative and regulatory efforts on the financial markets are uncertain, and they may not have the intended stabilization effects. Should these initiatives fail or should credit and financial market conditions continue to experience disruption, our ability to raise equity or obtain capital, including to repay or refinance credit facilities at maturity, pay significant capital expenditures or fund growth, is likely to be costly and/or impaired. Our access to debt financing in particular will depend on a variety of factors such as market conditions, the general availability of credit, the overall availability of credit to our industry, our credit history and credit capacity, as well as the historical performance of our businesses and lender perceptions of their and our financial prospects. In the event we are unable to obtain debt financing, particularly as significant credit facilities mature, our internal sources of liquidity may not be sufficient.

The current economic recession also increases our counterparty risk, particularly in those businesses whose revenues are determined under multi-year contracts, such as IMTT and our district energy business. In this environment, we would expect to see increases in counterparty defaults and/or bankruptcies, which could result in an increase in bad debt expense and may cause our revenues to decline.

The volatility in the financial markets makes projections regarding future obligations under pension plans difficult. Two of our businesses, TGC and IMTT, have defined benefit retirement plans. Future funding obligations under those plans depend in large part on the future performance of plan assets and the mix of investment assets. Our defined benefit plans hold a significant amount of equity securities as well as fixed income securities. If the market values of these securities decline further or if interest rates decline, our pension expense and cash funding requirements would increase and, as a result, could materially adversely affect our results and liquidity.

Adverse developments in the economy in general or in the aviation industry that results in less air traffic at airports we service would have a material adverse impact on our business.

A large part of our revenue is derived from fuel sales and other services provided to general aviation customers and, to a lesser extent, commercial air travelers. A sustained economic downturn could reduce the level of air travel generally, adversely affecting our airport services and airport parking business. General aviation travel is more expensive than alternative modes of travel. Consequently, during periods of economic downturn, FBO customers are more likely to travel by less expensive means. In particular, the recent substantial stress, volatility, illiquidity and disruption in the global credit and other financial markets have resulted in the bankruptcy or acquisition of, or government assistance to, several major domestic and international financial and industrial institutions. These events have also led to criticism by regulators, shareholders and the public in general over the purchase and/or use of corporate jets, which may continue during the current economic downturn and possibly longer.

These market developments and the potential for a continuing economic downturn have had a significant impact on the activity levels and customer price sensitivity of many corporate customers of our airport services business, which has resulted in significant declines in the gross profit of this business. If recent or proposed legislative or regulatory initiatives fail to stimulate the economy and stabilize the credit and financial markets or negative sentiment regarding corporate jet usage continues or increases, we may see continued declines in volumes of fuel sold, which would materially adversely affect the results of this business and

---

TABLE OF CONTENTS

which could cause it to fail to meet the financial covenants of its debt arrangements and allow its lenders to declare its entire indebtedness immediately due and payable.

Air travel and air traffic volume can also be affected by events that have nationwide and industry-wide implications, such as the events of September 11, 2001, as well as local circumstances. Events such as wars, outbreaks of disease such as SARS, and terrorist activities in the United States or overseas may reduce air travel. In addition, commercial traffic at an airport at which we have parking facilities may be reduced if airlines reduce the number of flights at that airport. Local circumstances include downturns in the general economic conditions of the area where an airport is located or other situations in which our major FBO customers relocate their home base or preferred fuelling stop to alternative locations.

In addition, changes to regulations governing the tax treatment relating to general aviation travel, either for businesses or individuals may cause a reduction in general aviation travel. Increased environmental regulation restricting or increasing the cost of aviation activities could also cause our revenue to decline.

Our businesses have substantial indebtedness, which could inhibit their operating flexibility.

As of December 31, 2008, on a consolidated basis, we had total long-term debt outstanding of $1,529.1 million, $1,460.1 million of which is at the operating business level, plus additional availability under existing credit facilities, including $69.0 million under the MIC Inc. revolving credit facility. IMTT also has a significant level of debt. The terms of these debt arrangements generally require compliance with significant operating and financial covenants. The ability of each of our businesses or investments to meet their respective debt service obligations and to repay their outstanding indebtedness will depend primarily upon cash produced by that business.

This indebtedness could have important consequences, including:

- limiting the payment of dividends and distributions to us;
- increasing the risk that our subsidiaries might not generate sufficient cash to service their indebtedness;

limiting our ability to use operating cash flow in other areas of our businesses because our subsidiaries must dedicate a substantial portion of their operating cash flow to service their debt;
limiting our, our subsidiaries' and IMTT s ability to borrow additional amounts for working capital, capital expenditures, debt services requirements, execution of our internal growth strategy, acquisitions or other purposes; and
limiting our ability to capitalize on business opportunities and to react to competitive pressures or adverse changes in government regulation.

If we are unable to comply with the terms of any of our various debt agreements, we may be required to refinance a portion or all of the related debt or obtain additional financing. As discussed further herein, we may not be able to refinance or obtain additional financing because of our high levels of debt and debt incurrence restrictions under our debt agreements or because of adverse conditions in credit markets generally. We also may be forced to default on our various debt obligations if cash flow from the relevant operating business is insufficient and refinancing or additional financing is unavailable, and, as a result, the relevant debt holders may accelerate the maturity of their obligations. As discussed below, we currently anticipate that our airport parking business will not be able to repay or refinance its indebtedness maturing in 2009. If any of our businesses or investments were unable to repay its debts when due, it would become insolvent. Many of our property leases, particularly in our airport services business, may be terminated in the event of insolvency, which could impair our ability to achieve a restructuring plan for that business if those leases are in fact terminated.

29

TABLE OF CONTENTS

Our total assets include a substantial amount of goodwill and intangible assets. The write-off of a significant portion of intangible assets would negatively affect our reported earnings.

Our total assets reflect a substantial amount of goodwill and other intangible assets. At December 31, 2008, goodwill and other intangible assets, net, represented approximately 55.2% of total assets. Goodwill and other intangible assets were primarily recognized as a result of the acquisitions of our businesses and investments. Other intangible assets consist primarily of airport operating rights, tradenames and customer relationships. On at least an annual basis, we assess whether there has been an impairment in the value of goodwill and other intangible assets with indefinite lives. If the carrying value of the tested asset exceeds its estimated fair value, impairment is deemed to have occurred. In this event, the amount is written down to fair value. Under current accounting rules, this would result in a charge to reported earnings. Any determination requiring the write-off of a significant portion of goodwill or other intangible assets would negatively affect our reported earnings and total capitalization, which could be material.

As discussed elsewhere, the decline in our stock price, particularly over the latter part of 2008, has caused our book value to exceed our market capitalization. As a result, we have booked non-cash impairment charges to goodwill, property, equipment, land and leasehold improvements and intangible assets of $253.5 million in the fourth quarter of 2008 in accordance with Statement of Financial Accounting Standard No. 142, *Goodwill and Other Intangible Assets*, or SFAS No. 142, and Statement of Financial Accounting Standard No. 144, *Long-Lived Assets*. A portion of the non-cash impairment charges was reflected in the earnings for both our airport services and airport parking businesses. If the market price of our LLC interests continues to decline, or if conditions in any of our businesses deteriorate, we may be required to recognize further impairments of goodwill and other intangible assets associated with these businesses.

If interest rates or margins increase, the cost of refinancing debt and servicing our debt will increase, reducing our profitability and ability to pay dividends.

We have substantial indebtedness with maturities ranging from 9 months to 18 years, of which $201 million matures during 2009. Refinancing this debt may result in substantially higher interest rates or margins or substantially more restrictive covenants. Either event may limit operational flexibility or reduce dividends and/or distributions from our operating businesses to us, which would have an adverse impact on our ability to pay dividends to shareholders. We also cannot assure you that we or the other owners of any of our businesses will be able to make capital contributions to repay some or all of the debt if required.

In addition, we do not currently have any interest rate hedges in place to cover any borrowings under our MIC Inc. revolving credit facility. If we draw down on our MIC Inc. revolving credit facility, an increase in interest rates would directly reduce our profitability and cash flows. Our MIC Inc. revolving credit facility matures in March 2010 and we expect to repay or refinance any borrowing outstanding at that time and, if available on acceptable terms, enter into a similar facility. An increase in interest rates or margins at that time may significantly increase the cost of any repayment or the terms associated with any refinancing.

Our holding company structure may limit our ability to reduce the level of our outstanding debt or make regular distributions in the future to our shareholders because we will rely on the cash flows and distributions from our businesses.

The Company is a holding company with no operations. Therefore, it is dependent upon the ability of our businesses and investments to pay dividends and make distributions to the company to enable it to meet its expenses, reduce outstanding debt at the holding company level or at other businesses and to make distributions to shareholders in the future. The ability of our operating subsidiaries and the businesses in which we will hold investments to make distributions to the company is subject to limitations based on their operating performance, the terms of their debt agreements and the applicable laws of their respective jurisdictions. In addition, the ability of each business to reduce its outstanding debt will be similarly limited by its operating performance, as discussed below and in Part 1, Item 7, Management s Discussion and Analysis of Financial Condition and Results of Operations. If, as a consequence of these various limitations and restrictions, we are unable to receive sufficient dividends and/or distributions from our businesses, we may be limited in our ability to reduce the level of our outstanding debt and declare distributions on our LLC interests.

We may not be able to successfully fund future acquisitions due to the unavailability of debt or equity financing on acceptable terms, which could impede the implementation of our acquisition strategy and negatively impact our business.

One component of our strategy over the long term is the pursuit of growth through selective acquisitions. In order to make acquisitions, we will generally require funding from external sources. Since the timing and size of acquisitions cannot be readily predicted, we may need to be able to obtain funding on short notice to benefit fully from attractive opportunities. Sufficient funding for an acquisition may not be available on short notice or may not be available on terms acceptable to us, particularly in light of the ongoing difficulties in the credit and capital markets. Furthermore,

the level of our subsidiary indebtedness may limit our ability to obtain additional financing at the corporate holding company level.

In addition to debt financing, our strategy over the long term is to fund or refinance a portion of the consideration for future acquisitions through the issuance of additional LLC interests. If our LLC interests do not have a sufficient per share market value, issuance of new LLC interests may not be economically attractive or, if issued regardless, may result in significant dilution of our then-existing shareholders. In addition, issuances of new LLC interests, either privately or publicly, may occur at a discount to the price of our LLC interests on the NYSE at the time. Our equity financing activities may cause the market price of our stock to decline. Alternatively, we may not be able to complete the issuance of the required amount of LLC interests on short notice or at all due to a lack of investor demand for the LLC interests at prices that we find acceptable.

An inability to fund acquisitions on acceptable terms or at all would prevent us from pursuing our acquisition strategy.

Our ability to successfully implement our growth strategy and to pay and grow distributions over the long term depends on our ability to successfully implement our acquisition strategy and manage the growth of our business.

A major component of our strategy over the long term is to acquire additional infrastructure businesses both within the sectors in which we currently operate and in sectors where we currently have no presence. Acquisitions involve a number of special risks, including failure to successfully integrate acquired businesses in a timely manner, failure of the acquired business to implement strategic initiatives we set for it, achieve expected synergies and/or achieve expected results, failure to identify material risks or liabilities associated with the acquired business prior to its acquisition, diversion of management's attention and internal resources away from the management of existing businesses and operations, and the failure to retain key personnel of the acquired business.

We expect to face significant competition for acquisition opportunities, and some of our competitors may have greater financial resources or access to financing on more favorable terms than we will. This competition may limit our acquisition opportunities, lead to higher acquisition prices or both. We cannot assure you that we will benefit from our relationship with the Macquarie Group to help us make or finance acquisitions. The successful implementation of our acquisition strategy to date, particularly acquisitions in the airport services business and of a 50% interest in IMTT, has resulted in the rapid growth of our business and places significant demands on management, administrative, operational and financial resources. We have devoted significant resources to integrating acquired businesses of which most, if not all, would have been privately owned and not subject to financial and disclosure requirements and controls applicable to U.S. public companies. We have and may in the future expend significant time and resources to develop and implement effective systems and procedures, including accounting and financial reporting systems, for these acquired businesses. Furthermore, other than our Chief Executive Officer and Chief Financial Officer, the personnel of Macquarie s Capital Funds division performing services for us under the management services agreement may work on matters unrelated to the Company and its businesses, which may result in a further diversion of management time and resources. Our ability to manage our growth will depend on our maintaining and allocating an appropriate level of internal resources, information systems and controls throughout our business. Our inability to successfully implement our growth strategy or successfully manage growth could have a material adverse effect on our business, cash flow and ability to pay distributions on our LLC interests.

TABLE OF CONTENTS

We own, and may acquire in the future, investments in which we share voting control with third parties and, consequently, our ability to exercise significant influence over the business or level of their distributions to us may be limited.

We own 50% of IMTT and may acquire less than majority ownership in other businesses in the future. Our ability to influence the management of jointly controlled businesses, and the ability of these businesses to continue operating without disruption, depends on our reaching agreement with our co-investors and reconciling investment and performance objectives for these businesses. To the extent that we are unable to agree with co-investors regarding the business and operations of the relevant investment, the performance of the investment and level of distributions to us are likely to suffer, and could have a material adverse effect on our results and our ability to raise capital or pay distributions on our LLC interests. Furthermore, we may from time to time own non-controlling interests in investments. Management and controlling shareholders of these investments may develop different objectives than we have and may not make distributions to us at levels that we had anticipated. Our inability to exercise significant influence over the operations, strategies and policies of non-controlled investments means that decisions could be made that could adversely affect our results and our ability to generate cash and pay distributions on our LLC interests.

Our business is dependent on our relationships, on a contractual and regulatory level, with government entities that may have significant leverage over us. Government entities may be influenced by political considerations to take actions adverse to us.

Our business generally is, and will continue to be, subject to substantial regulation by governmental agencies. In addition, our business relies on obtaining and maintaining government permits, licenses, concessions, leases or contracts. Government entities, due to the wide-ranging scope of their authority, have significant leverage over us in their contractual and regulatory relationships with us that they may exercise in a manner that causes us delays in the operation of our business or pursuit of our strategy, or increased administrative expense. Furthermore, government permits, licenses, concessions, leases and contracts are generally very complex, which may result in periods of non-compliance, or disputes over interpretation or enforceability. If we fail to comply with these regulations or contractual obligations, we could be subject to monetary penalties or we may lose our rights to operate the affected business, or both. Where our ability to operate an infrastructure business is subject to a concession or lease from the government, the concession or lease may restrict our ability to operate the business in a way that maximizes cash flows and profitability. Further, our ability to grow our current and future businesses will often require consent of numerous government regulators. Increased regulation restricting the ownership or management of U.S. assets, particularly infrastructure assets, by non-U.S. persons, given the non-U.S. ultimate ownership of our Manager, may limit our ability to pursue acquisitions. Any such regulation may also limit our Manager's ability to continue to manage our operations, which could cause disruption to our business and a decline in our performance. In addition, any required government consents may be costly to seek and we may not be able to obtain them. Failure to obtain any required consents could limit our ability to achieve our growth strategy.

Our contracts with government entities may also contain clauses more favorable to the government counterparty than a typical commercial contract. For instance, a lease, concession or general service contract may enable the government to terminate the agreement without requiring them to pay adequate compensation. In addition, government counterparties also may have the discretion to change or increase regulation of our operations, or implement laws or regulations affecting our operations, separate from any contractual rights they may have. Governments have considerable discretion in implementing regulations that could impact these businesses. Because our businesses provide basic, everyday services, and face limited competition, governments may be influenced by political considerations to take actions that may hinder the efficient and profitable operation of our businesses and investments.

Governmental agencies may determine the prices we charge and may be able to restrict our ability to operate our business to maximize profitability.

Where our businesses or investments are sole or predominant service providers in their respective service areas and provide services that are essential to the community, they are likely to be subject to rate regulation by governmental agencies that will determine the prices they may charge. We may also face fees or other charges imposed by government agencies that increase our costs and over which we have no control. We may

be subject to increases in fees or unfavorable price determinations that may be final with no right of appeal or that, despite a right of appeal, could result in our profits being negatively affected. In addition, we may have very little negotiating leverage in establishing contracts with government entities, which may decrease the prices that we otherwise might be able to charge or the terms upon which we provide products or services. Businesses and investments we acquire in the future may also be subject to rate regulation or similar negotiating limitations.

Our businesses are subject to environmental risks that may impact our future profitability.

Our businesses (including businesses in which we invest) are subject to numerous statutes, rules and regulations relating to environmental protection. Our airport services and airport parking businesses are subject to environmental protection requirements relating to the storage, transport, pumping and transfer of fuel, and our district energy business is subject to requirements relating mainly to its handling of significant amounts of hazardous materials. Our gas production and distribution business is subject to risks and hazards associated with the refining, handling, storage and transportation of combustible products. These risks could result in substantial losses due to personal injury, loss of life, damage or destruction of property and equipment, and environmental damage. Any losses we face could be greater than insurance levels maintained by our businesses, which could have an adverse effect on their and our financial results. In addition, disruptions to physical assets could reduce our ability to serve customers and adversely affect sales and cash flows.

IMTT's operations in particular are subject to complex, stringent and expensive environmental regulation and future compliance costs are difficult to estimate with certainty. IMTT also faces risks relating to the handling and transportation of significant amounts of hazardous materials. Failure to comply with regulations or other claims may give rise to interruptions in operations and civil or criminal penalties and liabilities that could adversely affect the profitability of this business and the distributions it makes to us, as could significant unexpected compliance costs. Further, these rules and regulations are subject to change and compliance with any changes could result in a restriction of the activities of our businesses, significant capital expenditures and/or increased ongoing operating costs.

A number of the properties owned by IMTT have been subject to environmental contamination in the past and require remediation for which IMTT is liable. These remediation obligations exist principally at IMTT's Bayonne and Lemont facilities and could cost more than anticipated or could be incurred earlier than anticipated or both. In addition, IMTT may discover additional environmental contamination at its Bayonne, Lemont or other facilities that may require remediation at significant cost to IMTT. Further, the past contamination of the properties owned by IMTT, including by former owners or operators of such properties, could result in remediation obligations, personal injury, property damage, environmental damage or similar claims by third parties.

We may also be required to address other prior or future environmental contamination, including soil and groundwater

contamination that results from the spillage of fuel, hazardous materials or other pollutants. Under various federal, state, local and foreign environmental statutes, rules and regulations, a current or previous owner or operator of real property may be liable for noncompliance with applicable environmental and health and safety requirements and for the costs of investigation, monitoring, removal or remediation of hazardous materials. These laws often impose liability, whether or not the owner or operator knew of, or was responsible for, the presence of hazardous materials. Persons who arrange for the disposal or treatment of hazardous materials may also be liable for the costs of removal or remediation of those materials at the disposal or treatment facility, whether or not that facility is or ever was owned or operated by that person and whether or not the original disposal or treatment activity accorded with all regulatory requirements. The presence of hazardous materials on a property could result in personal injury, loss of life, damage or destruction of property and equipment, environmental damage and similar claims by third parties that could have a material adverse effect on our financial condition or operating income.

We may face a greater exposure to terrorism than other companies because of the nature of our businesses and investments.

We believe that infrastructure businesses face a greater risk of terrorist attack than other businesses, particularly those businesses that have operations within the immediate vicinity of metropolitan and suburban areas. Specifically, because of the combustible nature of the products of our gas production and distribution

33

TABLE OF CONTENTS

business and consumer reliance on these products for basic services, the business SNG plant, transmission pipelines, barges and storage facilities may be at greater risk for terrorism attacks than other businesses, which could affect its operations significantly. Any terrorist attacks that occur at or near our business locations would likely cause significant harm to our employees and assets. As a result of the terrorist attacks in New York on September 11, 2001, insurers significantly reduced the amount of insurance coverage available for liability to persons other than employees or passengers for claims resulting from acts of terrorism, war or similar events. A terrorist attack that makes use of our property, or property under our control, may result in liability far in excess of available insurance coverage. In addition, any further terrorist attack, regardless of location, could cause a disruption to our business and a decline in earnings. Furthermore, it is likely to result in an increase in insurance premiums and a reduction in coverage, which could cause our profitability to suffer.

We are dependent on certain key personnel, and the loss of key personnel, or the inability to retain or replace qualified employees, could have an adverse effect on our business, financial condition and results of operations.

We operate our businesses on a stand-alone basis, relying on existing management teams for day-to-day operations. Consequently, our operational success, as well as the success of our internal growth strategy, will be dependent on the continued efforts of the management teams of our businesses, who have extensive experience in the day-to-day operations of these businesses. Furthermore, we will likely be dependent on the operating management teams of businesses that we may acquire in the future. The loss of key personnel, or the inability to retain or replace qualified employees, could have an adverse effect on our business, financial condition and results of operations.

Our income may be affected adversely if additional compliance costs are required as a result of new safety, health or environmental regulation.

Our businesses and investments are subject to federal, state and local safety, health and environmental laws and regulations. These laws and regulations affect all aspects of their operations and are frequently modified. There is a risk that any one of our businesses or investments may not be able to comply with some aspect of these laws and regulations, resulting in fines or penalties. Additionally, if new laws and regulations are adopted or if interpretations of existing laws and regulations change, we could be required to increase capital spending and incur increased operating expenses in order to comply. Because the regulatory environment frequently changes, we cannot predict when or how we may be affected by such changes.

A significant and sustained increase in the price of oil could have a negative impact on the revenue of a number of our businesses.

A significant and sustained increase in the price of oil could have a negative impact on the profitability of a number of our businesses. Higher prices for jet fuel could result in less use of aircraft by general aviation customers, which would have a negative impact on the profitability of our airport services business. Higher prices for jet fuel will increase the cost of traveling by commercial aviation, which could result in lower enplanements at the airports where our airport parking business operates and therefore less patronage of our parking facilities and lower revenue. Higher fuel prices could increase the cost of power to our businesses generally which they may not be able to fully pass on to customers.

Risks Related to Our Airport Services Business

Current economic conditions and increased pricing competition in our airport services business may have an adverse effect on our market share and fuel margins, causing a decline in the profitability of that business.

Some of our competitors in our airport services business are pursuing more aggressive pricing strategies. These competitors operate FBOs at number of airports where we operate or at airports near where we operate. This competition, combined with the continuation or worsening of current economic conditions, may result in increased focus on cost among our customers and, consequently, a decline in corporate jet usage and increased price sensitivity. These factors may cause our volumes of fuel sales and market share to decline and may result in increased margin pressure, adversely affecting the profitability of this business.

Our airport services business is subject to a variety of competitive pressures, and the actions of competitors may have a material adverse effect on the revenue of our airport services business.

FBO operators at a particular airport compete based on a number of factors, including location of the facility relative to runways and street access, service, value added features, reliability and price. Many of our FBOs compete with one or more FBOs at their respective airports, and, to a lesser extent, with FBOs at nearby airports. Furthermore, leases related to our FBO operations may be subject to competitive bidding at the end of their term. Some present and potential competitors have or may obtain greater financial and marketing resources than we do, which may negatively impact our ability to compete at each airport or for lease renewal.

Our FBOs do not have the right to be the sole provider of FBO services at any of our FBO locations. The authority responsible for each airport has the ability to grant other FBO leases at the airport and new competitors could be established at those FBO locations. The addition of new competitors is particularly likely if we are seen to be earning significant profits from these FBO operations. Any such actions, if successful, may reduce, or impair our ability to increase, the revenue of the FBO business.

The termination for cause or convenience of one or more of the FBO leases would damage our airport services business significantly.

Our airport services revenue is derived from long-term leases at 68 airports and one heliport. If we default on the terms and conditions of our leases, including upon an insolvency, the relevant authority may terminate the lease without compensation. Additionally, our leases at Chicago Midway, Philadelphia, North East Philadelphia, New Orleans International and Orange County airports and the Metroport 34th Street Heliport in New York City, representing approximately 13% of our airport service business gross profit in 2008, allow the relevant authority to terminate the lease at their convenience. In each case, we would then lose the income from that location and potentially the expected returns from prior capital expenditures. We would also likely be in default under the loan agreements of our airport services business and be obliged to repay our lenders a portion or all of our outstanding loan amount.

The TSA is considering new regulation which could impair the relative convenience of general aviation and adversely affect demand for our airport services business.

The TSA has proposed new regulations known as the Large Aircraft Security Program (LASP), which would require all U.S. operators of general aviation aircraft exceeding 12,500 pounds maximum take-off weight to implement security programs that are subject to TSA audit. In addition, the proposed regulation would require airports servicing these aircraft to implement security programs involving additional security measures, including passenger and baggage screening. We believe these new regulations, if implemented, will affect many of our customers and all of the airports at which we operate. These rules, if adopted, could decrease the convenience and attractiveness of general aviation travel relative to commercial air travel and, therefore, may adversely impact demand for our airport services business.

Risks Related to IMTT

IMTT's business is dependent on the demand for bulk liquid storage capacity in the locations where it operates.

Demand for IMTT's bulk liquid storage is largely a function of U.S. domestic demand for chemical, petroleum and vegetable and animal oil products and, less significantly, the extent to which such products are imported into and/or exported out of the United States. U.S. domestic demand for chemical, petroleum and V&A products is influenced by a number of factors, including economic conditions, growth in the U.S. economy, the pricing of chemical, petroleum and V&A products and their substitutes. Import and export volumes of these products to and from the United States are influenced by demand and supply imbalances in the United States and overseas, the cost of producing chemical, petroleum and V&A products domestically vis-à-vis overseas and the cost of transporting the products between the United States and overseas destinations. In addition, changes in government regulations that affect imports and exports of bulk chemical, petroleum and V&A products, including the imposition of surcharges or taxes on imported or exported

TABLE OF CONTENTS

products, could adversely affect import and export volumes to and from the United States. A reduction in demand for bulk liquid storage, particularly in the New York Harbor or the lower Mississippi River, as a consequence of lower U.S. domestic demand for, or imports/exports of, chemical, petroleum or V&A products, could lead to a decline in storage rates and tankage volumes rented by IMTT and adversely affect IMTT's revenue and profitability and the distributions it makes to us.

IMTT's business could be adversely affected by a substantial increase in bulk liquid storage capacity in the locations where it operates.

An increase in available bulk liquid storage capacity in excess of growth in demand for such storage in the key locations in which IMTT operates, such as New York Harbor and the lower Mississippi River, could result in overcapacity and a decline in storage rates and tankage volumes rented by IMTT and could adversely affect IMTT's revenue and profitability and the distributions it makes to us.

IMTT's business could be adversely affected by the insolvency of one or more large customers.

IMTT has a number of customers that together generate a material proportion of IMTT s revenue and gross profit. In 2008, IMTT s ten largest customers by revenue generated approximately 40.0% of total revenues. The insolvency of any of these large customers could result in an increase in unutilized storage capacity in the absence of such capacity being rented to other customers and adversely affect IMTT s revenue and profitability and the distributions it makes to us.

IMTT's business involves hazardous activities, is partly located in a region with a history of significant adverse weather events and is potentially a target for terrorist attacks. We cannot assure you that IMTT is, or will be in the future, adequately insured against all such risks.

The transportation, handling and storage of petroleum, chemical and V&A products are subject to the risk of spills, leakage, contamination, fires and explosions. Any of these events may result in loss of revenue, loss of reputation or goodwill, fines, penalties and other liabilities. In certain circumstances, such events could also require IMTT to halt or significantly alter operations at all or part of the facility at which the event occurred. Consistent with industry practice, IMTT carries insurance to protect against most of the accident-related risks involved in the conduct of the business; however, the limits of IMTT's coverage mean IMTT cannot insure against all risks. In addition, because IMTT's facilities are not insured against loss from terrorism or acts of war, such an attack that significantly damages one or more of IMTT's major facilities would have a negative impact on IMTT's future cash flow and profitability and the distributions it makes to us. Further, losses sustained by insurers during hurricanes in the U.S. Gulf region may result in lower insurance coverage and increased insurance premiums for IMTT's properties in Louisiana.

Risks Related to Our Gas Production and Distribution Business

Our gas production and distribution business' operating results are affected by Hawaii's economy.

The primary driver of Hawaii's economy is tourism. A significant portion of the sales of our gas production and distribution business is generated from businesses that rely on tourism as their primary source of revenue. These businesses include hotels and resorts, restaurants and laundries, comprising nearly half of sales. As a result of the current economic climate, Hawaii has recently experienced significant declines in levels of tourism which has affected the local economy generally and has caused declines in the business volume of gas sold. If the level of tourism fails to improve or continues to decline, the business commercial contribution margin and profitability could be materially adversely affected. In addition, a reduction in new housing starts and commercial development may reduce growth opportunities for the business.

Our gas production and distribution business relies on its synthetic natural gas, or SNG, plant, including its transmission pipeline, for a significant portion of its sales. Disruptions at that facility could adversely affect the business ability to serve customers.

Disruptions at the SNG plant resulting from mechanical or operational problems or power failures could affect the ability of our gas production and distribution business to produce SNG. Most of the regulated sales on Oahu are of SNG and are produced at this plant. Disruptions to the primary and redundant production systems would have a significant adverse effect on sales and cash flows.

Our gas production and distribution business depends heavily on the two oil refineries, located on the island of Oahu, for both liquefied petroleum gas and the primary feedstock for its SNG plant. Disruptions or shutdowns at either of those refineries may adversely affect the operations of our gas production and distribution business.

Our gas production and distribution business comprises the manufacture of SNG and the distribution of SNG and liquefied petroleum gas, or LPG. Any feedstock, SNG or LPG supply disruptions or shutdowns that limit its ability to manufacture and deliver gas to customers would adversely affect the cost of our operations. Increased costs could result from an inability to source feedstock at favorable costs, extended unavailability of one or both of the Oahu refineries or disruption to crude oil supplies or feedstock to Hawaii resulting in higher reliance on imports. An inability to purchase LPG from foreign sources would materially adversely affect our operations. In addition, because we have only one current contracted source of feedstock for our SNG, if Tesoro chooses to discontinue the production or sale of feedstock to us, which they could do with little notice, our utility business would suffer a significant disruption and potentially significant operating costs and capital expenditures until alternative supplies could be arranged. Our gas production and distribution business is also limited in its ability to store both foreign-sourced LPG and domestic LPG at the same location at the same time and, therefore, any disruption in supply may cause a short-term depletion of LPG. All supply disruptions, if occurring for an extended period, could materially adversely impact the business' contribution margin and cash flows.

The most significant costs for our gas production and distribution business are locally-sourced LPG, LPG imports and feedstock for the SNG plant, the costs of which are directly related to petroleum prices. To the extent that these costs cannot be passed on to customers, the business contribution margin and cash flows will be adversely affected.

The profitability of our gas production and distribution business is based on the margin of sales prices over costs. Since LPG and feedstock for the SNG plant are commodities, changes in the market for these products can have a significant impact on costs. In addition, increased reliance on higher-priced foreign sources of LPG, whether due to disruptions or shortages in local sources or otherwise, could also have a significant impact on costs. Our gas production and distribution business has no control over these costs, and, to the extent that these costs cannot be passed on to customers, the business financial condition and the results of operations would be adversely affected. Higher prices could result in reduced customer demand or could result in customer conversion to alternative energy sources. This would reduce sales volume and adversely affect profits.

Our gas production and distribution business' operations on the islands of Hawaii, Maui and Kauai rely on LPG that is transported to those islands by Jones Act qualified barges from Oahu and from non-Jones Act vessels from foreign ports. Disruptions to those vessels could adversely affect the business' results of operations.

Our gas production and distribution business has time charter agreements allowing the use of two barges that have the capability of transporting 424,000 gallons and 500,000 gallons of LPG, respectively. The Jones Act requires that vessels carrying cargo between two U.S. ports meet certain requirements. The barges used by our gas production and distribution business are the only two Jones Act qualified barges available in the Hawaiian Islands and capable of carrying large volumes of LPG. They are near the end of their useful economic lives, and the barge owner intends to replace one or both of them in the near future. To the extent that the barge owner is unable to replace these barges, or alternatively, these barges are unable to transport LPG from Oahu and the business is not able to secure foreign-source LPG or obtain an exemption to the Jones Act, the storage capacity on those islands could be depleted and sales and cash flows could be adversely affected.

The recovery of amounts expended for capital projects and operating expenses in the regulated operations is subject to approval by the Hawaii Public Utilities Commission, or HPUC, which exposes our gas production and distribution business to the risk of incurring costs that may not be recoverable from regulated customers.

In the past, our gas production and distribution business has requested rate increases from the HPUC approximately every five years as its operating costs increased and as capital investments were committed.

TABLE OF CONTENTS

When the HPUC approved our purchase of the business, it stipulated that no rate increase may be implemented until 2009. Our gas production and distribution business is currently seeking an 8.4% increase in its utility rates with

interim rate increases expected as early as July 2009. However, there is a risk that the HPUC will not grant any such rate increases or it will permit only part of the increase, which may have a material adverse effect on the business financial condition and results of operations.

The non-regulated operations of our gas production and distribution business are subject to a variety of competitive pressures and the actions of competitors, particularly those involved in other energy sources, could have a materially adverse effect on operating results.

In Hawaii, gas is largely used by commercial and residential customers for water heating and cooking. Our gas production and distribution business also has wholesale customers that resell product to other end-users. Gas end-use applications may be substituted by other fuel sources such as electricity, diesel, solar and wind, particularly if the price of gas increases relative to other fuel sources, due to higher commodity supply costs or otherwise. Customers could, for a number of reasons, including increased gas prices, lower costs of alternative energy or convenience, meet their energy needs through alternative sources. This could have an adverse effect on the business' sales, revenue and cash flows.

Approximately two-thirds of the employees of our gas production and distribution business are members of a labor union. A work interruption may adversely affect our gas production and distribution business.

Approximately two-thirds of the employees of our gas production and distribution business are covered under a collective bargaining agreement that expires on April 30, 2013. Labor disruptions related to that contract or to other disputes could affect gas manufacturing, gas distribution systems, gas delivery and customer services. Any labor dispute, as well as the process of contract negotiations, has the potential of creating morale issues, which, if severe enough may adversely impact productivity.

Because of its geographic location, Hawaii, and in turn our gas production and distribution business, is subject to earthquakes and certain weather risks that could materially disrupt operations.

Hawaii is subject to earthquakes and certain weather risks, such as hurricanes, floods, heavy and sustained rains and tidal waves. Because the business SNG plant, SNG transmission line and several storage facilities are close to the ocean, weather-related disruptions are possible. In addition, earthquakes may cause disruptions. These events could damage its assets or could result in wide-spread damage to its customers, thereby reducing sales volumes and, to the extent such damages are not covered by insurance, the business revenue and cash flows.

Risks Related to Our District Energy Business

Pursuant to the terms of a use agreement with the City of Chicago, the City of Chicago has rights that, if exercised, could have a significant negative impact on our district energy business.

In order to operate our district cooling system in downtown Chicago, we have obtained the right to use certain public ways of the City of Chicago under a use agreement, which we refer to as the Use Agreement. Under the terms of the Use Agreement, the City of Chicago retains the right to use the public ways for a public purpose and has the right in

the interest of public safety or convenience to cause us to remove, modify, replace or relocate our facilities at our own expense. If the City of Chicago exercises these rights, we could incur significant costs and our ability to provide service to our customers could be disrupted, which would have an adverse effect on our business, financial condition and results of operations. In addition, the Use Agreement is non-exclusive, and the City of Chicago is entitled to enter into use agreements with our potential competitors.

The Use Agreement expires on December 31, 2040 and may be terminated by the City of Chicago for any uncured material breach of its terms and conditions. The City of Chicago also may require us to pay liquidated damages of $6,000 a day if we fail to remove, modify, replace or relocate our facilities when required to do so, if we install any facilities that are not properly authorized under the Use Agreement or if our district cooling system does not conform to the City of Chicago's standards. Each of these non-compliance penalties could result in substantial financial loss or effectively shut down our district cooling system in downtown Chicago.

Any proposed renewal, extension or modification of the Use Agreement requires approval by the City Council of Chicago. Extensions and modifications subject to the City of Chicago's approval include those to enable the expansion of chilling capacity and the connection of new customers to the district cooling system. The City of Chicago's approval is contingent upon the timely filing of an Economic Disclosure Statement, or EDS, by us and certain of the beneficial owners of our stock. If any of these investors fails to file a completed EDS form within 30 days of the City of Chicago's request or files an incomplete or inaccurate EDS, the City of Chicago has the right to refuse to provide the necessary approval for any extension or modification of the Use Agreement or to rescind the Use Agreement altogether. If the City of Chicago declines to approve extensions or modifications to the Use Agreement, we may not be able to increase the capacity of our district cooling system and pursue our growth strategy for our district energy business. Furthermore, if the City of Chicago rescinds or voids the Use Agreement, our district cooling system in downtown Chicago would be effectively shut down and our business, financial condition and results of operations would be materially and adversely affected as a result.

Certain of our investors may be required to comply with certain disclosure requirements of the City of Chicago and non-compliance may result in the City of Chicago's rescission or voidance of the Use Agreement and any other arrangements our district energy business may have with the City of Chicago at the time of the non-compliance.

In order to secure any amendment to the Use Agreement with the City of Chicago to pursue expansion plans or otherwise, or to enter into other contracts with the City of Chicago, the City of Chicago may require any person who owns or acquires 7.5% or more of our LLC interests to make a number of representations to the City of Chicago by filing a completed EDS. Our LLC agreement requires that in the event that we need to obtain approval from the City of Chicago in the future for any specific matter, including to expand the district cooling system or to amend the Use Agreement, we and each of our then 7.5% investors would need to submit an EDS to the City of Chicago within 30 days of the City of Chicago's request. In addition, our LLC agreement requires each 7.5% investor to provide any supplemental information needed to update any EDS filed with the City of Chicago as required by the City of Chicago and as requested by us from time to time.

Any EDS filed by an investor may become publicly available. By completing and signing an EDS, an investor will have waived and released any possible rights or claims which it may have against the City of Chicago in connection with the public release of information contained in the EDS and also will have authorized the City of Chicago to

verify the accuracy of information submitted in the EDS. The requirements and consequences of filing an EDS with the City of Chicago will make compliance with the EDS requirements difficult for our investors.

If any investor fails to comply with the EDS requirements on time or the City of Chicago determines that any information provided in any EDS is false, incomplete or inaccurate, the City of Chicago may rescind or void the Use Agreement or any other arrangements Thermal Chicago has with the City of Chicago, and pursue any other remedies available to them. If the City of Chicago rescinds or voids the Use Agreement, our district cooling system in downtown Chicago would be effectively shut down and our business, financial condition and results of operations would be adversely affected as a result.

If certain events within or beyond the control of our district energy business occur, our district energy business may be unable to perform its contractual obligations to provide chilling and heating services to its customers. If, as a result, its customers elect to terminate their contracts, our district energy business may suffer loss of revenue. In addition, our district energy business may be required to make payments to such customers for damages.

In the event of a shutdown of one or more of our district energy business' plants due to operational breakdown, strikes, the inability to retain or replace key technical personnel or events outside its control, such as an electricity blackout, or unprecedented weather conditions in Chicago, our district energy business may be unable to continue to provide chilling and heating services to all of its customers. As a result, our district energy business may be in breach of the terms of some or all of its customer contracts. In the event that such customers elect to terminate their contracts with our district energy business as a consequence of their loss of

---

TABLE OF CONTENTS

service, its revenue may be materially adversely affected. In addition, under a number of contracts, our district energy business may be required to pay damages to a customer in the event that a cessation of service results in loss to that customer.

Northwind Aladdin currently derives most of its operating cash flows from a contract with a single customer, the Planet Hollywood Resort and Casino, which emerged from bankruptcy several years ago. If this customer were to enter into bankruptcy again, our contract may be amended or terminated and we may receive no compensation, which could result in the loss of our investment in Northwind Aladdin.

Northwind Aladdin derives most of its cash flows from a contract with the Planet Hollywood resort and casino (formerly known as the Aladdin resort and casino) in Las Vegas to supply cold and hot water and back-up electricity. The Aladdin resort and casino emerged from bankruptcy immediately prior to MDE's acquisition of Northwind Aladdin in September 2004, and, during the course of those proceedings, the contract with Northwind Aladdin was amended to reduce the payment obligations of the Aladdin resort and casino. If the Planet Hollywood resort and casino were to enter into bankruptcy again and a cheaper source of the services that Northwind Aladdin provides can be found, our contract may be terminated or amended. This could result in a total loss or significant reduction in our income from Northwind Aladdin, for which we may receive no compensation.

Risks Related to Our Airport Parking Business

There is substantial doubt as to the ability of our parking business to continue as a going concern and creditors of that business may seek recourse to the Company regardless of the legal merits.

The ongoing downturn in the U.S. economy and the decline in commercial air travel have caused the results of our airport parking business to decline, particularly its revenues, EBITDA and cash from operations. In the past, the business has funded its operations in part with its own cash on hand; however, in the second and third quarters of 2008, we contributed cash to the business to enable it to meet its liquidity requirements. We have not contributed any cash to the business for the fourth quarter of 2008 nor do we intend to make any cash contributions to this business in the future other than potentially obligations that we have guaranteed. It is highly likely that our airport parking business will not be able to refinance or pay its debt obligations that mature in 2009. In light of the current credit markets and performance of the airport parking business, there is substantial doubt as to the parking business ability to continue as a going concern. Upon an event of default under the airport parking business debt agreements or an insolvency, creditors of the business may choose to foreclose on or assume control of the business assets. Creditors of the business may also attempt to seek recovery from the Company and, through the Company, seek recourse to the assets of our other businesses, regardless of the merits of such a claim or lack thereof, which could result in substantial legal costs and significant disruption of management time and resources, thereby adversely affecting our profitability.

Our airport parking business is exposed to competition from both on-airport and off-airport parking, which could slow our growth or harm our business.

At each of the locations at which our airport parking business operates, it competes with both on-airport parking facilities, many of which are located closer to passenger terminals, and other off-airport parking facilities. If an airport expands its parking facilities or if new off-airport parking facilities are opened or existing facilities expanded, customers may be drawn away from our sites or we may have to reduce our parking rates, or both.

Parking rates charged by us at each of our locations are set with reference to a number of factors, including prices charged by competitors and quality of service by on-airport and off-airport competitors, the location and quality of the facility and the level of service provided. Additional sources of competition to our parking operations may come from new or improved transportation to the airports where our parking facilities are located. Improved rail, bus or other services may encourage our customers not to drive to the airport and therefore negatively impact revenue.

Changes in regulation by airport authorities or other governmental bodies governing the transportation of customers to and from the airports at which our airport parking business operates may negatively affect our operating results.

Our airport parking business' shuttle operations transport customers between the airport terminals and its parking facilities and are regulated by, and are subject to, the rules and policies of the relevant local airport authority, which may be changed at their discretion. Some airport authorities levy fees on off-airport parking operators for the right to transport customers to the terminals. There is a risk that airport authorities may deny or restrict our access to

terminals, impede our ability to manage our shuttle operations efficiently, impose new fees or increase the fees currently levied.

Further, the FAA and the Transportation Security Administration, or TSA, regulate the operations of all the airports at which our airport parking business has locations. The TSA has the authority to restrict access to airports as well as to impose parking and other restrictions around the airports. The TSA could impose more stringent restrictions in the future that would inhibit the ability of customers to use our parking facilities.

Risks Related to Ownership of Our Stock

Our Manager's affiliation with Macquarie Group Limited and the Macquarie Group may result in conflicts of interest or a decline in our stock price.

Our Manager is an affiliate of Macquarie Group Limited and a member of the Macquarie Group. From time to time, we have entered into, and in the future we may enter into, transactions and relationships involving Macquarie Group Limited, its affiliates, or other members of the Macquarie Group. Such transactions have included and may include, among other things, the acquisition of businesses and investments from Macquarie Group members, the entry into debt facilities and derivative instruments with members of the Macquarie Group serving as lender or counterparty, and financial advisory services provided to us by the Macquarie Group.

Although our audit committee, all of the members of which are independent directors, is required to approve of any related party transactions, including those involving members of the Macquarie Group or its affiliates, the relationship of our Manager to the Macquarie Group may result in conflicts of interest.

In addition, as a result of our Manager s being a member of the Macquarie Group, negative market perceptions of Macquarie Group Limited generally or of Macquarie s infrastructure management model, or Macquarie Group statements or actions with respect to other managed vehicles, may affect market perceptions of our company and cause a decline in the price of our LLC interests unrelated to our financial performance and prospects.

In the event of the underperformance of our Manager, we may be unable to remove our Manager, which could limit our ability to improve our performance and could adversely affect the market price of our LLC interests.

Under the terms of the management services agreement, our Manager must significantly underperform in order for the management services agreement to be terminated. The Company's Board of Directors cannot remove our Manager unless:

our LLC interests underperform a weighted average of two benchmark indices by more than 30% in relative terms and more than 2.5% in absolute terms in 16 out of 20 consecutive quarters prior to and including the most recent full quarter, and the holders of a minimum of 66.67% of the outstanding LLC interests (excluding any LLC interests owned by our Manager or any affiliate of the Manager) vote to remove our Manager;
our Manager materially breaches the terms of the management services agreement and such breach continues unremedied for 60 days after notice;
our Manager acts with gross negligence, willful misconduct, bad faith or reckless disregard of its duties in carrying out its obligations under the management services agreement, or engages in fraudulent or dishonest acts; or
our Manager experiences certain bankruptcy events.

41

TABLE OF CONTENTS

Because our Manager's performance is measured by the market performance of our LLC interests relative to a weighted average of two benchmark indices, even if the absolute market performance of our LLC interests does not meet expectations, the Company's Board of Directors cannot remove our Manager unless the market performance of our LLC interests also significantly underperforms the weighted average of the benchmark indices. If we were unable to remove our Manager in circumstances where the absolute market performance of our LLC interests does not meet expectations, the market price of our LLC interests could be negatively affected.

Our Manager can resign on 90 days notice and we may not be able to find a suitable replacement within that time, resulting in a disruption in our operations which could adversely affect our financial results and negatively impact the market price of our LLC interests.

Our Manager has the right, under the management services agreement, to resign at any time on 90 days notice, whether we have found a replacement or not. If our Manager resigns, we may not be able to find a new external manager or hire internal management with similar expertise within 90 days to provide the same or equivalent services on acceptable terms, or at all. If we are unable to do so quickly, our operations are likely to experience a disruption, our financial results could be adversely affected, perhaps materially, and the market price of our LLC interests may decline substantially. In addition, the coordination of our internal management, acquisition activities and supervision of our businesses and investments are likely to suffer if we were unable to identify and reach an agreement with a single institution or group of executives having the expertise possessed by our Manager and its affiliates.

Furthermore, if our Manager resigns, the Company and its subsidiaries will be required to cease using the Macquarie brand entirely, including changing their names to remove any reference to Macquarie. This may cause the value of the Company and the market price of our LLC interests to decline.

Certain provisions of the management services agreement and the operating agreement of the Company make it difficult for third parties to acquire control of the Company and could deprive you of the opportunity to obtain a takeover premium for your LLC interests.

In addition to the limited circumstances in which our Manager can be terminated under the terms of the management services agreement, the management services agreement provides that in circumstances where the stock ceases to be listed on a recognized U.S. exchange as a result of the acquisition of stock by third parties in an amount that results in the stock ceasing to meet the distribution and trading criteria on such exchange or market, the Manager has the option to either propose an alternate fee structure and remain our Manager or resign, terminate the management services agreement upon 30 days written notice and be paid a substantial termination fee. The termination fee payable on the Manager's exercise of its right to resign as our Manager subsequent to a delisting of our LLC interests could delay or prevent a change in control that may favor our shareholders. Furthermore, in the event of such a delisting, any proceeds from the sale, lease or exchange of a significant amount of assets must be reinvested in new assets of our company, subject to debt repayment obligations. We would also be prohibited from incurring any new indebtedness or engaging in any transactions with shareholders of the Company or its affiliates without the prior written approval of the Manager. These provisions could deprive shareholders of opportunities to realize a premium on the LLC interests owned by them.

The operating agreement of the Company, which we refer to as the LLC agreement, contains a number of provisions that could have the effect of making it more difficult for a third-party to acquire, or discouraging a third-party from acquiring, control of the company. These provisions include:

restrictions on the Company's ability to enter into certain transactions with our major shareholders, with the exception of our Manager, modeled on the limitation contained in Section 203 of the Delaware General Corporation Law;
allowing only the Company's Board of Directors to fill vacancies, including newly created directorships and requiring that directors may be removed only for cause and by a shareholder vote of 66 2/3%;
requiring that only the Company's chairman or Board of Directors may call a special meeting of our shareholders;
42

TABLE OF CONTENTS

prohibiting shareholders from taking any action by written consent;
establishing advance notice requirements for nominations of candidates for election to the Company's Board of Directors or for proposing matters that can be acted upon by our shareholders at a shareholders meeting;
having a substantial number of additional LLC interests authorized but unissued;
providing the company's Board of Directors with broad authority to amend the LLC agreement; and
requiring that any person who is the beneficial owner of 7.5% or more of our LLC interests make a number of representations to the City of Chicago in its standard form of Economic Disclosure Statement, or EDS, the current form of which is included in our LLC agreement, which is incorporated by reference as an exhibit to this report.

The market price and marketability of our LLC interests may from time to time be significantly affected by numerous factors beyond our control, which may adversely affect our ability to raise capital through future equity financings.

The market price of our LLC interests may fluctuate significantly. Many factors that are beyond our control may significantly affect the market price and marketability of our LLC interests and may adversely affect our ability to raise capital through equity financings. These factors include the following:

price and volume fluctuations in the stock markets generally;
significant volatility in the market price and trading volume of securities of Macquarie Group Limited and/or vehicles managed by the Macquarie Group or branded under the Macquarie name or logo;
significant volatility in the market price and trading volume of securities of registered investment companies, business development companies or companies in our sectors, which may not be related to the operating performance of these companies;
changes in our earnings or variations in operating results;
any shortfall in revenue or net income or any increase in losses from levels expected by securities analysts;
changes in regulatory policies or tax law;
operating performance of companies comparable to us; and
loss of funding sources.

Risks Related to Taxation

The current treatment of qualified dividend income and long-term capital gains under current U.S. federal income tax law may be adversely affected, changed or repealed in the future.

Under current law, qualified dividend income and long-term capital gains are taxed to non-corporate investors at a maximum U.S. federal income tax rate of 15%. This tax treatment may be adversely affected, changed or repealed by future changes in tax laws at any time and is currently scheduled to expire for tax years beginning after December 31, 2010.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

In general, the assets of our businesses, including real property, are pledged to secure the financing arrangements of each business on a stand-alone basis. See Management's Discussion and Analysis of Financial Condition and Results of Operations Liquidity and Capital Resources in Part II, Item 7 for a further discussion of these financing arrangements.

43

TABLE OF CONTENTS

Airport Services Business

Our airport services business does not own any real property. Its operations are carried out under various long-term leases. Our airport services business leases office space for its head office in Plano, Texas, and satellite offices in Baltimore, Maryland and at Teterboro Airport. For more information regarding our FBO locations, see Our Businesses and Investments Airport Services Business Business Locations in Part I, Item 1. The lease in Plano expires in 2012 and the lease in Baltimore renews automatically every 90 days until terminated by either party. We believe that these facilities are adequate to meet current and foreseeable future needs.

Our airport services business owns or leases a number of vehicles, including fuel trucks and other equipment needed to provide service to customers. Some phased replacement and routine maintenance is performed on this equipment. We believe that the equipment is generally well maintained and adequate for present operations.

Bulk Liquid Storage Terminal Business

IMTT operates ten wholly-owned bulk liquid storage facilities in the United States and has part ownership in two companies that each own bulk liquid storage facilities in Canada. The land on which the facilities are located is either owned or leased by IMTT with leased land comprising a small proportion of the total land in use. IMTT also owns the storage tanks, piping and transportation infrastructure such as truck and rail loading equipment located at the facilities. IMTT also owns related ship docks, except in Quebec and Geismar, LA. where the docks are leased. We believe that the aforementioned equipment is generally well maintained and adequate for the present operations. For further details, see Our Businesses and Investments Bulk Liquid Storage Terminal Business Locations in Part I, Item 1.

Gas Production and Distribution Business

The Gas Company, or TGC, has facilities and equipment on all major Hawaiian Islands providing support for our regulated and non-regulated operations. Property used in the regulated operations includes land beneath the SNG plant and underground distribution piping. Regulated operations also include several LPG holding tanks and trucks used to transport LPG to these holding tanks. TGC has approximately 1,000 miles of underground piping used in regulated operations, of which approximately 900 miles are on Oahu.

Non-regulated operations include tanks and cylinders used to store LPG as well as trucks used to transport LPG. TGC also maintains a fleet of service vehicles and other heavy equipment necessary to provide installation and perform

repairs and maintenance to our distribution systems.

A summary of property, by island, follows. For more information regarding TGC's operations, see Our Businesses and Investments Gas Production and Distribution Business Fuel Supply, SNG Plant and Distribution System in Part I, Item 1.

Island	Description	Use	Own/Lease
Oahu	SNG Plant	Production of SNG	Lease
	Kamakee Street Buildings and Maintenance yard	Engineering, Maintenance Facility, Warehouse	Own
	LPG Baseyard	Storage facility for tanks and cylinders	Lease
	Topa Fort Street Tower	Executive Offices	Lease
	Various Holding Tanks	Store and supply LPG to utility customers	Lease
Maui	Office, tank storage facilities and baseyard	Island-wide operations	Lease
Kauai	Office	Island-wide operations	Own
Kauai	Tank storage facility and baseyard,	Island-wide operations	Lease
Hawaii	Office, tank storage facilities and baseyard	Island-wide operations	Own

TABLE OF CONTENTS

District Energy Business

Thermal Chicago owns or leases six plants as follows:

Plant Number	Ownership or Lease Information
P-1	Thermal Chicago has a long-term ground lease until 2043 with an option to renew for 49 years. The plant is owned by Thermal Chicago.
P-2	Property and plant are owned by Thermal Chicago.
P-3	Thermal Chicago has a ground lease that expires in 2033 with a right to renew for ten years. The plant is owned by Thermal Chicago but the landlord has a purchase option over one-third of the plant.
P-4	Thermal Chicago has a ground lease that expires in 2016 and we may renew the lease for another 10 years for the P-4B plant unilaterally, and for P-4A, with the consent of the landlord. Thermal Chicago acquired the existing P-4A plant and completed the building of the P-4B plant in 2000. The landlord can terminate the service agreement and the plant A premises lease upon transfer of the property, on which the A and B plants are located, to a third-party.
P-5	Thermal Chicago has an exclusive perpetual easement for the use of the basement where the plant is located.
Stand-Alone	Thermal Chicago has a contractual right to use the property pursuant to a service agreement. Thermal Chicago will own the plant until the earliest of 2025 when the plant reverts to the customer or if the customer exercises an early purchase option.

These six plants have sufficient capacity with which to serve existing customer needs. To serve new customers, the system expansion discussed in the growth capital expenditures section of this document will need to be made. Please see Our Businesses and Investments District Energy Business Overview in Item 1. Business, for a discussion of

system capacity.

Northwind Aladdin's plant is housed in its own building on a parcel of leased land within the perimeter of the Planet Hollywood resort and casino. The lease is co-terminus with the supply contract with the Planet Hollywood resort and casino. The plant is owned by Northwind Aladdin and upon expiration of the lease we are required to either abandon the plant or remove it at the landlord's expense. The plant has sufficient capacity to serve its customers and is in the process of being modified to serve an additional customer.

Airport Parking Business

Our airport parking business has 31 off-airport parking facilities located near 20 commercial airports throughout the United States. The land on which the facilities are located is either owned or leased by us. Over half of our land, measured by number of spaces, is owned. None of these locations is individually material.

Our airport parking business is in the process of relocating its corporate headquarters from Downey, California to Philadelphia, Pennsylvania.

The airport parking business operates a fleet of approximately 190 shuttle buses used to transport customers to and from the airport and its parking facilities.

Item 3. Legal Proceedings

Section 185 of the Clean Air Act (CAA) requires states (or in the absence of state action, the EPA) in severe and extreme non-attainment areas to adopt a penalty fee for major stationary sources of volatile organic compounds and nitrogen oxides if the area fails to attain the one-hour ozone National Ambient Air Quality Standard (NAAQS) set by the EPA. IMTT's Bayonne, NJ facility is a major stationary source of volatile organic compounds and nitrogen oxides in the New Jersey-Connecticut severe non-attainment area. Although we believe our Bayonne, NJ facility is in substantial compliance with CAA obligations, the subject area failed to meet the required NAAQS by the attainment date in 2007 and as a consequence IMTT-Bayonne believes it is likely to be assessed a penalty fee linked to its 2008 emissions that were in excess of baseline levels. IMTT anticipates that the penalty fee will not be in excess of $1.0 million relating to this matter which is likely to

TABLE OF CONTENTS

be payable in 2010. IMTT is currently reviewing its operations with the intent of reducing, to the extent feasible, its emissions in order to avoid or reduce potential future penalty fees.

There are no legal proceedings pending that we believe will have a material adverse effect on us other than ordinary course litigation incidental to our businesses. We are involved in ordinary course legal, regulatory, administrative and environmental proceedings. Typically, expenses associated with these proceedings are covered by insurance.

Item 4. Submission of Matters to a Vote of Securityholders

None.

PART II

Item 5. Market for Registrants Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

Market Information

Our LLC interests are traded on the NYSE under the symbol MIC. Our shares of trust stock began trading on the NYSE on December 16, 2004. The following table sets forth, for the fiscal periods indicated, the high and low sale prices per LLC interest (or per share of trust stock prior to dissolution of the Trust) on the NYSE:

	High	Low
Fiscal 2006		
First Quarter	$ 35.23	$ 30.64
Second Quarter	32.27	26.06
Third Quarter	32.68	23.84
Fourth Quarter	35.79	29.20
Fiscal 2007		
First Quarter	$ 39.30	$ 34.88
Second Quarter	44.86	39.05
Third Quarter	44.03	35.99
Fourth Quarter	41.76	37.94
Fiscal 2008		
First Quarter	$ 39.01	$ 29.13
Second Quarter	33.24	25.29
Third Quarter	25.00	12.63
Fourth Quarter	12.90	2.32
Fiscal 2009		
First Quarter (through February 20, 2009)	$ 5.74	$ 2.97

As at February 20, 2009 we had 44,948,694 LLC interests outstanding that were held by 82 holders of record representing over 45,000 beneficial holders.

Disclosure of NYSE-Required Certifications

Because our LLC interests are listed on the NYSE, our Chief Executive Officer is required to make, and on July 2, 2008 did make, an annual certification to the NYSE stating that he was not aware of any violation by the Company of the corporate governance listing standards of the NYSE. In addition, we have filed, as exhibits to this annual report on Form 10-K, the certifications of the Chief Executive Officer and Chief Financial Officer required under Section 302 of the Sarbanes-Oxley Act of 2002 to be filed with the SEC regarding the quality of our public disclosure.

Distribution Policy

Current conditions in the U.S. economy and the capital markets are such that we have modified our long-term distribution policy. Our long-term distribution policy has been to declare and pay regular quarterly cash distributions

on all outstanding LLC interests. Our policy was based on the predictable and stable cash flows of our businesses and investments and our intention to pay out as distributions to our shareholders the majority of our cash in excess of prudent reserves in our operating subsidiaries.

Our Board of Directors has decided to suspend payment of quarterly cash distributions to shareholders in order to reduce both holding company debt and operating company debt at businesses where the underlying fundamentals are strong. The suspension is likely to remain in effect until such time as the credit markets and customer spending patterns regain a level of stability and predictability that enables us to confidently estimate long term cash flows and refinancing capability.

We intend to finance our internal growth strategy primarily with selective operating cash flow and using existing debt and other resources. We intend to finance our acquisition strategy primarily through a combination of issuing new equity and incurring debt and not through operating cash flow.

47

TABLE OF CONTENTS

Since January 1, 2005, we have made or declared the following distributions:

Declared	Period Covered	$ per LLC Interest/Share of Trust Stock	Record Date	Payable Date
May 14, 2005	Dec 15 to Dec 31, 2004	$ 0.0877	June 2, 2005	June 7, 2005
May 14, 2005	First quarter 2005	$ 0.50	June 2, 2005	June 7, 2005
August 8, 2005	Second quarter 2005	$ 0.50	September 6, 2005	September 9, 2005
November 7, 2005	Third quarter 2005	$ 0.50	December 6, 2005	December 9, 2005
March 14, 2006	Fourth quarter 2005	$ 0.50	April 5, 2006	April 10, 2006
May 4, 2006	First quarter 2006	$ 0.50	June 5, 2006	June 9, 2006
August 7, 2006	Second quarter 2006	$ 0.525	September 6, 2006	September 11, 2006
November 8, 2006	Third quarter 2006	$ 0.55	December 5, 2006	December 8, 2006
February 27, 2007	Fourth quarter 2006	$ 0.57	April 4, 2007	April 9, 2007
May 3, 2007	First quarter 2007	$ 0.59	June 5, 2007	June 8, 2007
August 7, 2007	Second quarter 2007	$ 0.605	September 6, 2007	September 11, 2007
November 6, 2007	Third quarter 2007	$ 0.62	December 5, 2007	December 10, 2007
February 25, 2008	Fourth quarter 2007	$ 0.635	March 5, 2008	March 10, 2008
May 5, 2008	First quarter 2008	$ 0.645	June 4, 2008	June 10, 2008
August 4, 2008	Second quarter 2008	$ 0.645	September 4, 2008	September 11, 2008
November 4, 2008	Third quarter 2008	$ 0.20	December 3, 2008	December 10, 2008

The declaration and payment of any future distribution will be subject to a decision of the Company's Board of Directors, which includes a majority of independent directors. The Company's Board of Directors will take into account such matters as the state of the capital markets and general business conditions, our financial condition,

results of operations, capital requirements and any contractual, legal and regulatory restrictions on the payment of distributions by us to our shareholders or by our subsidiaries to us, and any other factors that the Board of Directors deems relevant. In particular, each of our businesses and investments have substantial debt commitments and restrictive covenants, which must be satisfied before any of them can pay dividends or make distributions to us. Any or all of these factors could affect both the timing and amount, if any, of future distributions. See Management's Discussion and Analysis of Financial Condition and Results of Operations Liquidity and Capital Resources in Part II, Item 7.

Securities Authorized for Issuance Under Equity Compensation Plans

The table below sets forth information with respect to LLC interests authorized for issuance as of December 31, 2008:

Plan Category	Number of Securities to Be Issued Upon Exercise of Outstanding Options, Warrants and Rights (a)	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights (b)	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Under Column (a)) (c)
Equity compensation plans approved by securityholders[1]	14,115	$	[1]
Equity compensation plans not approved by securityholders			
Total	14,115		[1]

(1) Information represents number of LLC interests issuable upon the vesting of director stock units pursuant to our independent directors' equity plan, which was approved and became effective in December 2004. Under the plan, each independent director elected at our annual meeting of shareholders is entitled to receive a number of director stock units equal to $150,000 divided by the average closing sale price of the stock during the 10-day period immediately preceding our annual meeting. The units vest on the day prior to the following year's annual meeting. We granted 4,705 director stock units to each of our independent directors elected at our 2008 annual shareholders' meeting based on the average 10-day closing price of $31.88. Currently, we have 616,944 LLC interests reserved for future issuance under the plan.

48

TABLE OF CONTENTS

Item 6. Selected Financial Data

The selected financial data includes the results of operations, cash flow and balance sheet data of North America Capital Holding Company, or NACH (now known as Atlantic Aviation FBO Inc., or Atlantic Aviation), which was

deemed to be our predecessor. We have included the results of operations and cash flow data of NACH for the period from January 1, 2004 through July 29, 2004 and for the period July 30, 2004 through December 22, 2004. The period from December 23, 2004 through December 31, 2004 includes the results of operations and cash flow data for our businesses and investments from December 23 through December 31, 2004 and the results of the company from April 13, 2004 through December 31, 2004. The years ended December 31, 2008, 2007, 2006 and 2005 include the full year of results for our consolidated group, with the results of businesses acquired during 2008, 2007, 2006 and 2005 being included from the date of each acquisition. We have included our consolidated balance sheet data at December 31, 2004, 2005, 2006, 2007 and 2008.

TABLE OF CONTENTS

	Macquarie Infrastructure Company					NACH	
	Year Ended Dec 31, 2008	Year Ended Dec 31, 2007	Year Ended Dec 31, 2006	Year Ended Dec 31, 2005	Dec 22 through Dec 31, 2004	July 30 through Dec 22, 2004	Jan 1 through July 29, 2004
	($ in thousands, except per LLC interest/trust stock data)						
Statement of Operations Data:							
Revenue							
Revenue from product sales	$586,054	$445,852	$262,432	$142,785	$1,681	$29,465	$41,146
Revenue from product sales utility	121,770	95,770	50,866				
Service revenue	339,543	284,860	201,835	156,655	3,257	9,839	14,616
Financing and equipment lease income	4,686	4,912	5,118	5,303	126		
Total revenue	1,052,053	831,394	520,251	304,743	5,064	39,304	55,762
Cost of revenue:							
Cost of product sales	406,997	302,283	192,399	84,480	912	16,599	21,068
Cost of product sales utility	103,216	64,371	14,403				
Cost of services[1]	143,294	113,203	92,542	82,160	1,633	849	1,428
Gross profit	398,546	351,537	220,907	138,103	2,519	21,856	33,266
Selling, general and administrative expenses[2]	242,373	193,887	120,252	82,636	7,953	13,942	22,378
Fees to manager related party	12,568	65,639	18,631	9,294	12,360		
Goodwill impairment[3]	190,751						
Depreciation[4]	40,140	20,502	12,102	6,007	175	1,287	1,377
Amortization of intangibles[5]	72,352	35,258	43,846	14,815	281	2,329	849
Operating income	(159,638)	36,251	26,076	25,351	(18,250)	4,298	8,662
Dividend income			8,395	12,361	1,704		
Interest income	1,207	5,963	4,887	4,064	69	28	17
Finance fees						(6,650)	
Interest expense	(104,095)	(81,653)	(77,746)	(33,800)	(756)	(2,907)	(4,655)
		(27,512)					

Loss on extinguishment of debt							
Equity in earnings (loss) and amortization charges of investees	1,324	(32)	12,558	3,685	(389)		
Loss on derivative instruments	(2,597)	(1,220)	(1,373)				
Gain on sale of equity investment			3,412				
Gain on sale of investment			49,933				
Gain on sale of marketable securities			6,738				
Other income (expense), net	38	(815)	594	123	50	(39)	(5,135)
(Loss) income from continuing operations before income taxes and minority interests	(263,761)	(69,018)	33,474	11,784	(17,572)	(5,270)	(1,111)
Benefit (provision) for income taxes	84,120	16,483	16,421	3,615		(286)	597
Minority interests	(1,168)	(481)	(23)	203	16		
(Loss) income from continuing operations	(178,473)	(52,054)	49,918	15,196	(17,588)	(5,556)	(514)
Discontinued operations:							
Income from operations of discontinued operations						116	159
Income on disposal of discontinued operations (net of applicable income tax provisions)						116	159
Net (loss) income	$(178,473)	$(52,054)	$49,918	$15,196	$(17,588)	$(5,440)	$(355)

50

TABLE OF CONTENTS

	Macquarie Infrastructure Company					NACH	
	Year Ended Dec 31, 2008	Year Ended Dec 31, 2007	Year Ended Dec 31, 2006	Year Ended Dec 31, 2005	Dec 22 through Dec 31, 2004	July 30 through Dec 22, 2004	Jan 1 through July 29, 2004
	($ in thousands, except per LLC interest/trust stock data)						
Basic and diluted (loss) earnings per LLC interest/trust stock(6)	(3.97)	(1.27)	1.73	0.56	(17.38)		
Cash dividends declared per LLC interest/trust stock	2.125	2.385	2.075	1.5877			
Cash Flow Data:							
Cash provided (used in) by operating activities	93,675	96,550	46,365	43,547	(4,045)	(577)	7,757

Cash (used in) provided by investing activities	(83,400)	(644,010)	(686,196)	(201,950)	(467,477)	(228,145)	3,011
Cash provided by (used in) financing activities	483	567,546	562,328	133,847	611,765	231,843	(5,741)
Effect of exchange rate		(1)	(272)	(331)	(193)		
Net increase (decrease) in cash	10,758	20,085	(77,775)	(24,887)	140,050	3,121	5,027

NM Not meaningful

(1) Includes depreciation expense of $30.1 million, of which $19.1 million relates to a non-cash impairment charge at our airport parking business, $11.0 million and $9.3 million for the years ended December 31, 2008, 2007 and 2006, respectively, relating to our district energy and airport parking businesses.

(2) The company incurred approximately $6.0 million of non-recurring acquisition and formation costs that have been included in the December 23, 2004 to December 31, 2004 consolidated results of operations.

(3) Reflects non-cash impairment charge of $52.0 million and $138.8 million at our airport services business and airport parking business, respectively, for 2008.

(4) Includes a non-cash impairment charge to property, equipment, land and leasehold improvements of $13.8 million for our airport services business for 2008.

(5) Includes a non-cash impairment charge of $21.7 million for contractual arrangements at our airport services business and a $8.1 million charge for customer relationships, leasehold rights and trademarks at our airport parking business in 2008; a $1.3 million charge on the airport management contracts at our airport services businesses in 2007 and a $23.5 million charge for trademarks and domain names due to rebranding initiative at our airport parking business in 2006.

(6) Basic and diluted (loss) earnings per LLC interest / trust stock was computed on a weighted average basis for years ended December 31, 2008, 2007, 2006 and 2005 and for the period April 13, 2004 (inception) through December 31, 2004. The basic weighted average computation of 44,944,326 LLC interests outstanding for 2008 was computed based on 44,938,380 shares of LLC interests outstanding from January 1 through June 3 and 44,948,694 LLC interests outstanding from June 4 through December 31. The stock grants provided to the independent directors on May 27, 2008 were anti-dilutive in 2008 due to the Company's net loss for that year. The basic weighted average computation of 40,882,067 LLC interests outstanding for 2007 was computed based on 37,562,165 shares of trust stock outstanding from January 1 through June 25; 37,562,162 LLC interests outstanding from June 26 through July 4; 43,263,165 LLC interests outstanding from July 5 through July 12; 43,302,006 LLC interests outstanding from July 13 through July 31; 43,766,877 LLC interests outstanding from August 1 through September 30 and 44,938,380 LLC interests outstanding from October 1 through December 31. The stock grants provided to the independent directors on May 24, 2007 were anti-dilutive in 2007 due to the Company's net loss for that year. The basic weighted average computation of 28,895,522 shares of trust stock outstanding for 2006 was computed based on 27,050,745 shares of trust stock outstanding from January 1 through June 1; 27,066,618 shares of trust stock outstanding from June 2 through June 26; 27,212,165 shares of trust stock outstanding from June 27 through October 29; 36,212,165 shares of trust stock outstanding from October 30 through November 5 and 37,562,165 shares of trust stock outstanding from November 6 through December 31. The diluted weighted average computation of 28,912,346 shares of trust stock outstanding for 2006 was computed by assuming that all of the stock unit grants provided to the independent directors on May 25, 2006 and May 25, 2005 had been converted to shares on those dates. The basic weighted average computation of 26,919,608 shares of trust stock outstanding for 2005 was computed based on 26,610,100 shares of trust stock outstanding from January 1 through April 18;

51

TABLE OF CONTENTS

27,043,101 shares of trust stock outstanding from April 19 through May 24 and 27,050,745 shares of trust stock outstanding from May 25 through December 31. The diluted weighted average computation of 26,929,219 shares of trust stock outstanding for 2005 was computed by assuming that all of the stock grants provided to the independent directors on May 25, 2005 and December 21, 2004 had been converted to shares on those dates. The basic weighted average computation of 1,011,887 shares of trust stock outstanding for 2004 was computed based on 100 shares of trust stock outstanding from April 13 through December 21 and 26,610,100 shares of trust stock outstanding from December 22 through December 31. The stock grants provided to the independent directors on December 21, 2004 were anti-dilutive in 2004 due to the Company's net loss for that period.

	Macquarie Infrastructure Company				
	Year Ended Dec 31, 2008	Year Ended Dec 31, 2007	Year Ended Dec 31, 2006	Year Ended Dec 31, 2005	Year Ended Dec 31, 2004
	($ in thousands)				
Balance Sheet Data:					
Total current assets	193,424	210,467	230,966	156,676	167,769
Property, equipment, land and leasehold improvements, net[(1)]	673,981	674,952	522,759	335,119	284,744
Intangible assets, net[(2)]	812,184	857,345	526,759	299,487	254,330
Goodwill[(3)]	586,249	770,108	485,986	281,776	217,576
Total assets	2,534,250	2,813,029	2,097,533	1,363,298	1,208,487
Current liabilities[(4)]	352,606	133,515	72,139	34,598	39,525
Deferred tax liabilities	65,042	202,683	163,923	113,794	123,429
Long-term debt, including related party, net of current portion	1,327,800	1,426,494	959,906	629,095	434,352
Total liabilities	1,899,989	1,839,305	1,224,927	786,693	603,676
Members equity/stockholders equity	628,838	966,552	864,425	567,665	596,296

(1) Reflects a non-cash impairment charge of $13.8 million and $19.1 million at our airport services business and airport parking business, respectively, for 2008.

(2) Includes a non-cash impairment charge of $21.7 million for contractual arrangements at our airport services business and a $8.1 million charge for customer relationships, leasehold rights and trademarks at our airport parking business in 2008; a $1.3 million charge on the airport management contracts at our airport services businesses in 2007 and a $23.5 million charge for trademarks and domain names due to rebranding initiative at our airport parking business in 2006.

(3) Reflects non-cash impairment charge of $52.0 million and $138.8 million at our airport services business and airport parking business, respectively, for 2008.

(4) December 31, 2008 includes $201.3 million of current portion long-term debt, all of which relates to our airport parking business, which is due on or before September 9, 2009. This debt is secured by assets and collateral of our airport parking business. Creditors of this business do not have recourse to any assets of the Company or any assets of our other businesses other than approximately $12.0 million in guarantees and interest rate swap liabilities. See Management s Discussion and Analysis of Financial Condition and Results of Operations- Liquidity and Capital Resources in Part II, Item 7 for further discussions on airport parking business debt facilities due for repayment.

52

TABLE OF CONTENTS

Item 7. Management s Discussion and Analysis of Financial Condition and Results of Operations

The following discussion of the financial condition and results of operations of the Company should be read in conjunction with the consolidated financial statements and the notes to those statements included elsewhere herein.

THE CURRENT ECONOMIC ENVIRONMENT AND ITS EFFECT ON OUR BUSINESSES AND STRATEGY

In the latter half of 2008 and continuing into 2009, our economy has seen major financial institutions and multinational corporations face liquidity shortfalls, seek government financial support and declare bankruptcy. These and other macroeconomic factors have resulted in decreased business activity levels generally and have adversely affected all of our businesses to some extent. Our bulk liquid storage, gas production and distribution and district energy businesses have proven resistant to the economic downturn, primarily due to the contracted or utility-like nature of their revenues combined with the essential nature of the services they provide.

Our airport services business results have been affected by lower overall economic activity and decreased use of general aviation jets. However, we believe the fundamental strength of our airport services business, based on the important role of general aviation in the air transportation industry, will be sustained over the long term.

The current economic climate and our inability to accurately forecast when these conditions will improve have led us to focus more intently on managing our businesses to prudently reduce costs and operating expenditures, selectively reduce debt levels, anticipate and mitigate potential refinancing risk and conservatively approach growth expenditures. We have taken a number of steps to retain cash, reduce debt levels in our airport services business and manage all of our businesses through the current environment. These measures are discussed in more detail directly below and in more detail under the discussion regarding each business in Results of Operations and Liquidity and Capital Resources.

We believe that our active management of our businesses, along with the essential services nature of our businesses overall will enable them to continue to operate and generate cash, if at somewhat reduced levels, until economic conditions improve.

Distributions

Our Board of Directors has decided to suspend payment of quarterly cash distributions to shareholders in order to reduce both holding company debt and operating company debt at businesses where the underlying fundamentals are strong. The suspension is likely to remain in effect until such time as the credit markets and consumer spending patterns regain a level of stability and predictability that enables us to confidently estimate long term cash flows and refinancing capability.

Airport Services Business

In our airport services business, we are aggressively managing operations, debt level and liquidity position in response to the current economic climate. We have implemented a number of measures that have successfully reduced operating expenses. The savings have partially offset the decline in volume and margins on fuel sales that we believe have resulted from decreased general aviation activity levels. As of September 2008, we have reduced run-rate costs by approximately $1.8 million per month or approximately $22.0 million on an annual basis, primarily through synergies realized in the integration of acquired sites and rationalization of staffing levels.

On February 25, 2009, we amended our airport services business credit facility to reduce the principal amount due under that facility and provide us additional financial flexibility over the near and medium term. We used $50.0 million in cash on hand to pay down $44.9 million of the outstanding term loan debt under the facility and $5.1 million of interest rate swap break fees, of which $1.1 million was paid to Macquarie Bank Limited, a related party. Additionally, under the amended terms, we will apply all excess cash flow from the business to prepay additional debt whenever the leverage ratio (debt to adjusted EBITDA) equal to or more than 6.0x to 1.0 for the trailing twelve months and will use 50% of excess cash flow to prepay debt whenever leverage ratio is equal to or greater than 5.5x to 1.0 and below 6.0x to 1.0.

53

TABLE OF CONTENTS

Airport Parking Business

The results of operations and financial condition of our airport parking business have suffered in the wake of continuing declines in commercial enplanements and increasing tightening of consumer spending. Our airport parking business has $201.3 million of total debt due on or before September 2009, secured by the assets and other collateral of this business. Creditors of this business do not have recourse to any assets of the Company or any assets of our other businesses, other than through approximately $12.0 million in guarantees and interest rate swap liabilities.

The airport parking business does not have sufficient liquidity or capital resources to pay its maturing debt obligations and, based on current results and market conditions, we do not expect that the airport parking business will be able to refinance its debt as it matures. We have notified the lenders to this business that we have no intention of contributing any further capital to this business other than potentially obligations that we have guaranteed. As a result, it is likely that this business will default on its existing debt obligations without substantial concessions from the lenders and there is substantial doubt regarding the business ability to continue as a going concern. We are in discussion with lenders and are pursuing strategic alternatives for this business including asset sales, restructuring plans or filing for protection under bankruptcy laws.

Gas Production and Distribution Business

Although our gas production and distribution business results have not been affected by the current economic climate to the same extent as our airport services and airport parking businesses, the volume of gas products sold in 2008 declined by approximately 3% compared with 2007, including a 8.5% decline in fourth quarter 2008 over the prior period. These declines result from lower business activity in Hawaii largely caused by declines in tourism. According to the Hawaii Department of Business, Economic Development and Tourism, visitor arrivals to Hawaii were down by 11% in 2008 over 2007 and are expected to decline by a further 1.9% in 2009. We have implemented a number of margin management actions in the non-utility part of the business to partially offset declining volumes, which we discuss in more detail below.

District Energy Business

The macroeconomic factors and market conditions discussed above have not had a significant effect on our district energy business. This is primarily because of the contracted nature of the business and the contractual ability to pass through most cost variances to the customer.

Non-Cash Impairment Charge

The decline in our stock price, particularly over the latter part of 2008, has caused our book value to exceed our market capitalization. As a result we have booked a non-cash impairment charge of $190.8 million in the fourth quarter of 2008 in accordance with SFAS No. 142. A portion of the non-cash goodwill impairment charges was reflected in the financial results for both our airport services and airport parking businesses. See Critical Accounting Estimates and Note 7, Intangible Assets, to our consolidated financial statements included in this annual report on Form 10-K.

Tax Treatment of Distributions

Through the year ended December 31, 2006, each holder of trust stock was required to include in U.S. federal taxable income its allocable share of the Trust s income, gain, loss deductions and other items. The amounts shareholders include in taxable income may not have equaled the cash distributions to shareholders.

The agreement reached with the IRS referred to in Note 15, Income Taxes, to our consolidated financial statements in Part II, Item 8 of this Form 10-K, allows the Company to be treated as a corporation for federal income tax purposes beginning January 1, 2007. For tax years subsequent to 2006, shareholders need to include in taxable income the portion of our distributions characterized as a dividend. The Company has determined that 97.7% of our distributions made in 2008 and all of our distributions made in 2007 were characterized as return of capital for tax purposes and will result in an adjustment to the shareholder s basis rather than taxable income. The portion of the 2008 distribution that was characterized as a dividend was eligible for treatment as a qualified dividend.

The portion of our future distributions that will be treated as dividends for U.S. federal income tax purposes is subject to a number of uncertainties. We currently anticipate that all of our regular distributions

that are treated as dividends for U.S. federal income tax purposes will be eligible for treatment as qualified dividend income, subject to the shareholder having met the holding period requirements as defined by the IRS.

Acquisitions

On December 21, 2004, we completed our IPO and concurrent private placement, issuing a total of 26,610,000 shares of trust stock at a price of $25.00 per share. Total gross proceeds were $665.3 million before offering costs and underwriting fees of $51.6 million. The majority of the proceeds were used to acquire our airports services business, district energy business, airport parking business, 50% share in a toll road business and investments in MCG and SEW in December 2004. Since our IPO, we have completed two additional equity raisings and have used these proceeds to partially finance additional acquisitions in our existing business segments and in new segments including the bulk liquid storage terminal business and gas production and distribution business. In 2006, we disposed of our toll road business and our investments in MCG and SEW.

Airport Services Business

Our airport services business has acquired the following FBOs since our initial acquisition of the business in 2004:

Date	Business Acquired	Locations

		Number of FBOs	
January 14, 2005	General Aviation Holdings, LLC, or GAH	2	California
August 12, 2005	Eagle Aviation Resources, or EAR	1	Las Vegas, Nevada
July 11, 2006	Trajen Holdings, Inc., or Trajen	23	Various U.S. airports
May 30, 2007	Two FBOs at Santa Monica Municipal Airport and Stewart International Airport, together referred to as Supermarine	2	Santa Monica, California and New Windsor, New York
August 9, 2007	Mercury Air Center Inc., or Mercury	24	Various U.S. airports
August 17, 2007	SJJC Aviation Services, LLC, or San Jose	2	San Jose, California
November 30, 2007	Rifle Jet Center, or Rifle	1	Rifle, Colorado
March 4, 2008	Farmington and Albuquerque, New Mexico and Sun Valley, Idaho, or Seven Bar	3	Farmington and Albuquerque, New Mexico and Sun Valley, Idaho

With these acquisitions, our airport services business owns and operates 72 FBOs at 68 airports and one heliport in the United States, which we believe is the largest such network of FBOs in the U.S.

Bulk Liquid Storage Terminal Business

On May 1, 2006, we completed the purchase of newly issued common stock of IMTT Holdings Inc., the holding company for a group of companies and partnerships that operate IMTT. As a result of this transaction, we own 50% of IMTT Holdings' issued and outstanding common stock.

Gas Production and Distribution Business

We acquired TGC on June 7, 2006. TGC owns and operates the sole regulated synthetic natural gas production and distribution business in Hawaii and distributes and sells liquefied petroleum gas through unregulated operations.

Airport Parking Business

In October 2005, our airport parking business acquired real property, and personal and intangible assets related to six off-airport parking facilities collectively referred to as SunPark as well as a leasehold facility in Cleveland. Our airport parking business also acquired a facility in Philadelphia in July 2005. In 2008, our airport parking business acquired a facility in Oakland and a facility in Newark. Following these acquisitions, our airport parking business has become the largest provider of off-airport parking services in the United States with 31 facilities at 20 airports across the United States.

See Note 4, Acquisitions, to the consolidated financial statements in Part II, Item 8 of this Form 10-K for further information on recent acquisitions and Note 9, Long-Term Debt, for information on the related financings.

Equity Offerings

During the fourth quarter of 2006, we completed an offering of an aggregate of 10,350,000 shares of trust stock at a price per share of $29.50 for which we received net proceeds of $291.1 million. The net cash proceeds from the equity offering and the sales of our interests in MCG and SEW were primarily used to repay in full indebtedness under the MIC Inc. revolving credit facility used to partially finance our acquisitions of IMTT, TGC and 23 FBOs in our airport services business.

In the third quarter of 2007, we completed an offering of an aggregate of 6,165,871 LLC interests at a price per interest of $40.99 for which we received proceeds of $241.3 million, net of underwriting fees and expenses. The net cash proceeds from the equity offering were used to partially finance the acquisitions of Mercury and San Jose within our airport services business. We did not undertake any offering of additional equity in 2008.

IMPACT OF ACQUISITIONS ON OUR RESULTS OF OPERATIONS

Results of the operations of each of our acquisitions are included in our consolidated results from the respective date of each acquisition. These acquisitions resulted in significant increases in the recorded value of our property, equipment, land and leasehold interests in our intangible assets, including goodwill, airport contract rights, customer relationships and technology; and in depreciation and amortization expense. Our acquisition of 50% of IMTT Holdings is reflected in our equity in earnings (losses) and amortization charges of investee line in our financial statements from May 1, 2006. We have financed a significant portion of our acquisitions with debt incurred at the business segment level, other than our investment in IMTT. The increased levels of debt have resulted in significant increases in interest expense from the respective date of each acquisition.

OPERATING SEGMENTS AND BUSINESSES

Airport Services Business

The performance of our airport services business depends upon the level of general aviation activity, and jet fuel consumption, for the largest portion of its gross profit. General aviation activity is in turn a function of economic activity and demographic trends in the regions serviced by the airport at which the business operates and the general level of economic activity in the United States. A number of these airports are located near key business centers such as New York, NY, Chicago, IL and Philadelphia, PA as well as recreational destinations such as Aspen, Colorado and Sun Valley, Idaho. We believe that the popularity of these destinations relative to general aviation destinations overall will continue to support an above average level of general aviation activity and jet fuel consumption.

Fuel gross profit is a function of the volume (gallons) sold and the average dollar margin per gallon. The average price per gallon is based on our cost of fuel plus, where applicable, fees and taxes paid to airports or other local authorities (Cost of revenue fuel), plus our margin. The dollar-based margin varies based on business considerations. Dollar-based margins per gallon have been relatively insensitive to the wholesale price of fuel with both increases and decreases in the wholesale price of fuel generally passed through to customers, subject to the level of price competition that exists at the various FBOs. Recent volatility in the price of jet fuel has resulted in an increased sensitivity to price on the part of some customers and a corresponding compression of our margins.

Our airport services business also earns revenue from activities other than fuel sales (non-fuel revenue). For example, we earn revenue from refuelling some general aviation customers and some commercial airlines on a pass-through basis, where we act as a fuelling agent for fuel suppliers and for commercial airlines. We receive a fee for this service, generally calculated on a per gallon basis. In addition, the business earns revenue from aircraft parking and hangar

rental fees and by providing general aviation customers with other services, such as de-icing. At some facilities we also provide de-icing services to commercial airlines.

Expenses associated with non-fuel revenue (cost of revenue non-fuel) include de-icing fluid costs and payments to airport authorities which vary from site to site. Cost of revenue non-fuel is directly related to the volume of services provided and therefore generally increases in line with non-fuel revenue in dollar terms.

Our airport services business incurs expenses in operating and maintaining each FBO. Operating expenses include rent and insurance, which are generally fixed in nature and other expenses, such as salaries, that generally increase with the level of activity. In addition, our airport services business incurs general and administrative expenses at the head office that include senior management expenses as well as accounting, information technology, human resources, environmental compliance and other corporate costs.

Bulk Liquid Storage Terminal Business

IMTT provides bulk liquid storage and handling services in North America through ten terminals located on the East, West and Gulf Coasts, the Great Lakes region of the United States and partially owned terminals in Quebec and Newfoundland, Canada. The company has its largest terminals in the strategically key locations of New York Harbor and the lower Mississippi River near New Orleans. IMTT stores and handles petroleum products, various chemicals, renewable fuels, and vegetable and animal oils and, based on storage capacity, operates one of the largest third-party bulk liquid storage terminal businesses in the United States.

The key drivers of IMTT's revenue and gross profit include the amount of tank capacity rented to customers and the rental rates. Customers generally rent tanks under contracts with terms of between three and five years that require payment regardless of actual tank usage. Demand for storage capacity within a particular region (e.g. New York Harbor) serves as the key driver of storage capacity utilization and tank rental rates. This demand for capacity reflects both the level of consumption of the bulk liquid products stored by the terminals as well as import and export activity of such products. We believe major constraint on increases in the supply of new bulk liquid storage capacity in IMTT's key markets has been and will continue to be limited by the availability of waterfront land with access to the infrastructure necessary for land based receipt and distribution of stored product (road, rail and pipelines), lengthy environmental permitting processes and high capital costs. We believe a favorable supply/demand balance for bulk liquid storage currently exists in the markets serviced by IMTT s major facilities. This condition, when combined with the attributes of IMTT's facilities such as deep water drafts and access to land based infrastructure, have allowed IMTT to increase prices while maintaining very high storage capacity utilization rates.

IMTT earns revenue at its terminals from a number of sources including storage of bulk liquids (per barrel, per month rental), throughput of liquids (handling charges), heating (a pass through of the cost associated with heating liquids to prevent excessive viscosity) and other (revenue from blending, packaging and warehousing, for example). Most customer contracts include provisions for annual price increases based on inflation.

In operating its terminals, IMTT incurs labor costs, fuel costs, repair and maintenance costs, real and personal property taxes and other costs (which include insurance and other operating costs such as utilities and inventory used in packaging and drumming activities).

In 2008, IMTT generated approximately 45% of its total terminal revenue and approximately 46% of its terminal gross profit at its Bayonne, NJ facility, which services New York Harbor, and approximately 37% of its total terminal

revenue and approximately 41% of its terminal gross profit at its St. Rose, Gretna, Avondale and Geismar, LA facilities, which together service the lower Mississippi River region (with St. Rose being the largest contributor).

Two key factors will likely have a material impact on IMTT's total terminal revenue and terminal gross profit in the future. First, IMTT has achieved substantial increases in storage rates at its Bayonne and Louisiana facilities over the past few years. Based on the current level of demand for bulk liquid storage in New York Harbor and the lower Mississippi River, we anticipate that IMTT will achieve annual increases in average storage rates in excess of inflation at least through 2009. Second, IMTT has committed to significant growth capital expenditure over the past year that should contribute to terminal gross profit in 2009 and beyond as discussed in Liquidity and Capital Resources.

As prescribed in the shareholders' agreement between us, IMTT Holdings and its other shareholders, until December 31, 2008, IMTT Holdings was required to distribute $7.0 million per quarter to us. We received $28.0 million in cash distributions during 2008, including $7.0 million that was accrued at the end of 2007. At December 31, 2008, we accrued $7.0 million for the fourth quarter distribution, which was received in January 2009. Subsequent to December 31, 2008, subject to the preconditions discussed in

57

TABLE OF CONTENTS

Business Bulk Liquid Storage Terminal Business Shareholders Agreement and subject to IMTT Holdings' consolidated adjusted net debt (excluding shareholder loans) to EBITDA ratio not exceeding 4.25:1 as at each quarter end, IMTT Holdings is required to distribute, quarterly, all of its consolidated cash flow from operations and cash flows from (but not used in) investing activities less maintenance and environmental remediation capital expenditure to its shareholders. However, we may agree to reduce the level of distributions actually paid by IMTT during 2009 and beyond below the amount prescribed by the shareholders agreement after consideration of, among other factors, the outlook for bulk liquid storage market conditions, the level of IMTT s indebtedness and the availability of external sources of funding for growth capital projects. In particular, as discussed further in Management s Discussion and Analysis of Financial Condition and Results of Operations - Liquidity and Capital Resources in Part I, Item 7 for Bulk Liquid Storage Terminal Business, the level of distributions anticipated to be paid by IMTT in 2009 and 2010 is highly dependent upon the raising of additional debt to fund committed growth projects and scheduled debt amortizations during 2009 and 2010.

Based on current market conditions and assuming completion during 2009 of some of the expansion projects currently under construction, it is anticipated that IMTT s gross profit and EBITDA will increase to ranges of $165.0 million to $177.0 million and $140.0 million to $152.0 million, respectively in 2009. Increased maintenance and environmental capital expenditure and capitalized dredging expenditure in 2009 is anticipated to reduce IMTT s cash available for distribution in 2009 to a range of $28.0 million to $36.0 million. IMTT anticipates that gross profit, EBITDA and cash available for distribution will increase from 2009 in 2010 due to the positive impact of a full-year contribution from growth projects coming on line part way through 2009 and a contribution from growth projects coming on line in 2010.

Our interest in IMTT Holdings, from the date of closing our acquisition, May 1, 2006, is reflected in our equity in earnings and amortization charges of investee line in our consolidated statements of operations. Cash distributions received by us in excess of our equity in IMTT's earnings and amortization charges are reflected in our consolidated statements of cash flows from investing activities under return on investment in unconsolidated business.

Gas Production and Distribution Business

TGC is a Hawaii limited liability company that owns and operates the regulated synthetic natural gas production and distribution business in Hawaii and distributes and sells liquefied petroleum gas through unregulated operations. TGC operates in both regulated and unregulated markets on the islands of Oahu, Hawaii, Maui, Kauai, Molokai and Lanai. The Hawaii market includes Hawaii's approximately 1.3 million residents and its approximately 6.8 million annual visitors.

TGC has two primary businesses: utility (or regulated) and non-utility (or unregulated).

The utility business includes distribution and sales of SNG on the island of Oahu and distribution and sale of LPG through localized distribution systems located on the islands of Oahu, Hawaii, Maui, Kauai, Molokai and Lanai (listed by size of market). The utility business serves approximately 35,500 customers. Utility revenue consists principally of sales of thermal units, or therms, of SNG and gallons of LPG. One gallon of LPG is the equivalent of 0.913 therms. The operating costs for the utility business include the cost of locally purchased feedstock, the cost of manufacturing SNG from the feedstock, the cost of LPG and the cost of distributing SNG and LPG to customers.

The non-utility business comprises the sale of LPG through truck deliveries to individual tanks located on customer sites on Oahu, Hawaii, Maui, Kauai, Molokai and Lanai. The non-utility business serves approximately 33,000 customers. Non-utility revenue consists of sales of gallons of LPG. The operating costs for the non-utility business include the cost of purchased LPG and the cost of distributing the LPG to customers.

SNG and LPG have a wide number of commercial and residential applications, including electricity generation, water heating, drying, cooking, and decorative lighting. LPG is also used as a fuel for some automobiles, and specialty vehicles such as forklifts. Gas customers range from residential customers for which TGC has nearly all of the market, to a wide variety of commercial customers.

TABLE OF CONTENTS

Revenue is primarily a function of the volume of SNG and LPG consumed by customers and the price per thermal unit or gallon charged to customers. Because both SNG and LPG are derived from crude oil, revenue levels, without volume changes, will generally track global oil prices. Utility revenue includes fuel adjustment charges through which the changes in feedstock costs are passed through to utility customers. Evaluating the performance of this business based on contribution margin removes the volatility associated with fluctuations in the price of feedstock.

Volume is primarily driven by the tourism industry and economic growth in the state of Hawaii and by shifts of end users between gas and other energy sources and competitors. In 2008, tourism declined sharply in the wake of the broader economic slowdown and the decline had an impact on the volume of gas consumed by tourism dependent businesses such as restaurants and resorts/hotels. According to the State of Hawaii Department of Business and Economic Development and Tourism (DBEDT), visitor arrivals, one measure of the health of the tourism industry, decreased by approximately 11% in 2008 from 2007. In 2009, DBEDT expects visitor arrivals to decline by a further 2%.

There are approximately 220 entities regulated by the Hawaii Public Utilities Commission, or HPUC, excluding transportation businesses. They include one gas utility, four electric utilities, 37 water and sewage utilities and 178 telecommunications utilities. The four electric utility operators, combined, serve approximately 508,000 customers. Since all businesses and residences have electric service, this provides an estimate of the total market size. TGC's regulated customer base is approximately 35,500 accounts and its non-regulated customer base is approximately 33,000 accounts. Accordingly, TGC's overall market penetration, as a percentage of total electric utility customers in Hawaii, is approximately 13% of all businesses and residences. TGC has 100% of Hawaii's regulated gas business and approximately 75% of Hawaii's unregulated gas business.

Prices charged by TGC to its customers for the utility gas business are based on HPUC-regulated rates that allow TGC the opportunity to recover its costs of providing utility gas service, including operating expenses and taxes, and capital investments through recovery of depreciation and a return on the capital invested. TGC's rate structure generally allows it to maintain a relatively consistent dollar-based margin per thermal unit by passing increases or decreases in fuel costs through to customers via fuel adjustment charges without filing a general rate case.

In August 2008, TGC submitted its application for an 8.4% increase in its utility rates. If approved, the new rates could be effective as early as July 2009. The rate case application is currently under review by the HPUC and independent Consumer Advocate. The outcome of the company s rate application cannot be estimated.

The rates that are charged to non-utility customers are based on the cost of LPG plus delivery costs, and on the cost of alternative fuels and competitive factors.

TGC incurs expenses in operating and maintaining its facilities and distribution network, comprising a SNG plant, a 22-mile transmission line, 1,000 miles of distribution pipelines, several tank storage facilities and a fleet of vehicles. These costs are generally fixed in nature. Other operating expenses incurred, such as for LPG, feedstock for the SNG plant and revenue-based taxes, generally fluctuate with the volume of product sold. In addition, TGC incurs general and administrative expenses at its executive office that include expenses for senior management, accounting, information technology, human resources, environmental compliance, regulatory compliance, employee benefits, rents, utilities, insurance and other normal business costs.

As part of the regulatory approval process of our acquisition of TGC, we agreed to 14 regulatory conditions addressing a variety of matters. The more significant conditions include:

- the non-recoverability of goodwill, transaction or transition costs in future rate cases;
- a requirement to limit TGC and HGC's ratio of consolidated debt to total capital to 65%; and,
- a requirement to maintain $20.0 million in readily available cash resources at TGC, HGC or the company.

District Energy Business

Our district energy business consists of Thermal Chicago and Northwind Aladdin, which are 100% and 75% indirectly owned by us. Thermal Chicago sells chilled water under long-term contracts to approximately 100 customers in downtown Chicago and one customer outside of the downtown area. Under the long-term

contracts, Thermal Chicago receives both capacity and consumption payments. Capacity payments (cooling capacity revenue) are received regardless of the volume of chilled water used by a customer and these payments generally increase in line with inflation.

Consumption payments (cooling consumption revenue) are per unit charges for the volume of chilled water used. Such payments are higher in the second and third quarters of each year when the demand for building cooling is at its highest. Consumption payments also fluctuate moderately from year to year depending on weather conditions. By contract, consumption payments generally increase in line with a number of indices that reflect the cost of electricity, labor and other input costs relevant to the operations of Thermal Chicago. The weighting of the individual indices broadly reflects the composition of Thermal Chicago's direct expenses.

Thermal Chicago's principal direct expense is electricity. Other direct expenses are labor, operations and maintenance and depreciation and accretion**.** Electricity usage fluctuates in line with the volume of chilled water produced. Thermal

Chicago focuses on minimizing the cost of electricity consumed per unit of chilled water produced by operating its plants to maximize efficient use of electricity. Other direct expenses are largely fixed regardless of the volumes of chilled water produced.

In 2007, the Illinois electricity generation market was deregulated. Thermal Chicago has entered into a contract with a retail energy supplier to provide the majority of our electricity in 2009 at a fixed price. Electricity for one of our plants is purchased by our landlord/customer and the cost is passed through to us. We estimate our 2009 electricity costs will increase by approximately 13% over 2008 and we will pass the increase through to customers. We will need to enter into supply contracts for 2010 and subsequent years and prices will fluctuate based on underlying power costs.

Under its customer contracts, Northwind Aladdin receives monthly fixed payments totaling approximately $5.4 million per annum through March 2016 and monthly fixed payments totaling approximately $2.0 million per year thereafter through February 2020. In January 2009, Northwind Aladdin signed another contract with a new customer providing for incremental monthly fixed payments totaling $300,000 in 2009 and $600,000 per annum from 2010 through March 2020. In addition, Northwind Aladdin receives consumption and other variable payments from its customers that allow it to recover substantially all of its operating costs.

Airport Parking Business

The revenue of our airport parking business is highly correlated with the number of passengers boarding flights in the 20 airport markets in which we operate. As discussed in prior filings, in the second quarter of 2008, our airport parking business saw its revenue trends turn negative as the U.S. airline industry experienced a number of bankruptcies and various airlines reduced passenger capacity significantly. These trends continued during the third quarter and accelerated in the fourth quarter as the U.S. economy slowed and business and leisure travel declined further.

Our revised expectations of enplanement growth and the consequential downward revision of our cash flow projections triggered an impairment analysis of our airport parking business. See Critical Accounting Estimates and Note 7, Intangible Assets, of our consolidated financial statements included in this Form 10-K for a discussion of the impairment analysis.

RESULTS OF OPERATIONS

Key Factors Affecting Operating Results

non-cash impairment charges of $87.5 million at our airport services business, consisting of $52.0 million related to goodwill, $21.7 million related to intangible assets and $13.8 million related to property, equipment, land and leasehold improvements, and $166.0 million at our airport parking business, consisting of $138.8 million to goodwill, $19.1 million to property, equipment, land and leasehold improvements and $8.1 million to intangible assets;
positive contributions to our results arising from the acquisitions of 29 FBOs during 2007 and three FBOs in the first quarter of 2008, partially offset by a decline in performance at existing locations;
performance fees to our Manager of $44.0 million for the first half of 2007 due to the out-performance of our stock price versus the benchmark index, that did not recur in 2008;
loss on extinguishment of debt in 2007, relating to the refinancing of our airport services and district energy businesses, which did not recur in 2008; and
increased interest expense due to higher levels of debt from acquisition financing and debt refinancings completed in 2007.

TABLE OF CONTENTS

Our consolidated results of operations are as follows ($ in thousands):

NM Not meaningful

61

TABLE OF CONTENTS

Gross Profit

The increase in our consolidated gross profit was primarily due to acquisitions made by our airport services business in 2007 and the first quarter of 2008, partially offset by a decline in performance at existing locations.

Selling, General and Administrative Expenses

The increase in our selling, general and administrative expenses was primarily a result of acquisitions made by our airport services business in 2007 and the first quarter of 2008. The ratio of selling, general and administrative expenses to gross profit increased due to declining activity levels, primarily in our airport services business, offset by various cost-saving initiatives.

Fees to Manager

The fees payable to our Manager in 2008 were lower primarily due to performance fees of $957,000 and $43.0 million in the first and second quarters of 2007 that did not recur in 2008. Our Manager elected to reinvest these performance fees in additional LLC interests. Base fees paid to our Manager in 2008 decreased by $9.1 million due to our lower market capitalization.

Our Board of Directors requested that the Manager reverse its decision to reinvest its base management in stock under the terms of the management services agreement due to the significant decline in the market price of our LLC interests between the end of the third quarter of 2008 and the time at which we would have issued those LLC interests and the resulting potential substantial dilution to existing shareholders. Our Manager agreed to this request and the third quarter 2008 base management fees have subsequently been paid in cash. Fourth quarter 2008 base management fees have also been paid in cash.

Goodwill Impairment

In accordance with SFAS No. 142, we performed our annual impairment test at the reporting unit level during the fourth quarter of 2008. Goodwill is considered impaired when the carrying amount of a reporting unit s goodwill exceeds its implied fair value, as determined under a two-step approach. Based on the testing performed, we recognized goodwill impairment charge of $52.0 million at our airport services and $138.8 million airport parking business during 2008.

Depreciation

The increase in depreciation was primarily due to acquisitions made by our airport services business in 2007 and the first quarter of 2008. Depreciation expense for 2008 also includes a non-cash impairment charge of $13.8 million and $19.1 million at our airport services business and airport parking business, respectively, recorded during the fourth quarter of 2008. Depreciation expense also increased as a result of capital expenditures by existing businesses that created higher asset balances.

Amortization of Intangibles

Amortization expense for 2008 includes a non-cash impairment charge of $21.7 million for contractual arrangements at our airport services business and $8.1 million for customer relationships, leasehold rights and trademarks at our airport parking business. Amortization expense of 2007 included a $1.3 million non-cash impairment charge relating to airport management contracts at our airport services business. These management contracts were subsequently sold in 2008.

Interest Expense

The increase in interest expense was due to a higher average level of debt outstanding, resulting from additional debt drawn to fund acquisitions and refinancings in the second half of 2007.

Loss on Extinguishment of Debt

We recognized a loss on extinguishment of debt of $27.5 million in 2007, related to refinancings at our airport services and district energy businesses. This loss included a $14.7 million make-whole payment in relation to the district energy business. The remainder was a non-cash write-off of previously deferred financing costs.

Equity in Earnings (Losses) and Amortization Charges of Investees

Our equity in the earnings of IMTT increased due to improved operating results from that business and a $12.3 million make-whole payment from a refinancing in 2007 that did not recur in 2008; offset by higher interest expense, due to a higher drawn debt balance and non-cash derivative-related losses of $46.3 million in 2008 compared with $21.0 million in 2007. For details on IMTT s unrealized gains and offers on derivative instruments, please see Management s Discussion and Analysis of Financial Condition and Results of Operations Results of Operations in Part II, Item 7 for Bulk Liquid Storage Terminal Business.

Under our shareholders agreement, cash distributions to us from IMTT after December 31, 2008, will be based generally on IMTT s cash flow from operating activities less maintenance and environmental capital expenditures, subject to the business maintaining prudent reserves and legal net asset requirements. Changes in the fair value of derivatives are unlikely to have a material impact on net assets and do not impact the distributions under the shareholders agreement as they are non-cash in nature.

We completed our investment in IMTT in May of 2006 and have received $7.0 million in cash distributions from IMTT each quarter since second quarter of 2006. These distributions are not recorded in earnings, but are recorded against our investment in the business on our balance sheet and are shown as cash provided by operating activities in

our statements of cash flows for the portion up to our 50% share of IMTT s positive earnings. Distributions when IMTT records a net loss, or the amount of the distribution in excess of our share of its earnings, are reflected in our consolidated cash flow from investing activities. For 2008, $1.3 million of the $28.0 million dividends received was included in cash from operating activities and $26.7 million was included in investing activities.

Income Taxes

Our income tax benefit in 2007 and 2008 differs from the statutory federal tax rate of 35% primarily due to state income taxes, the difference between the taxable income portion of our distributions from IMTT and the book income attributable to our investment in IMTT and for 2008 the portion of our impairment attributable to non-deductible goodwill.

Earnings Before Interest, Taxes, Depreciation and Amortization, or EBITDA

We have included EBITDA, a non-GAAP financial measure, on a consolidated basis as well as for each of our businesses as we consider it to be an important measure of our overall performance. We believe our presentation of EBITDA provides additional insight into the performance of our operating companies and our ability to service our obligations and to pay distributions.

	Year Ended December 31,			Change (from 2007 to 2008) Favorable/(Unfavorable)		Change (from 2006 to 2007) Favorable/(Unfavorable)	
	2008	2007	2006	$	%	$	%
	($ in thousands)						
Net (loss) income	$(178,473)	$(52,054)	$49,918	(126,419)	NM	(101,972)	NM
Interest expense, net	102,888	75,690	72,859	(27,198)	(35.9)	(2,831)	(3.9)
Income tax benefit	(84,120)	(16,483)	(16,421)	67,637	NM	62	0.4
Depreciation[1]	40,140	20,502	12,102	(19,638)	(95.8)	(8,400)	(69.4)
Depreciation cost of services[1]	30,096	11,013	9,264	(19,083)	(173.3)	(1,749)	(18.9)
Amortization[2]	72,352	35,258	43,846	(37,094)	(105.2)	8,588	19.6
EBITDA	$(17,117)	$73,926	$171,568	(91,043)	(123.2)	(97,642)	(56.9)

NM Not meaningful

(1) Depreciation cost of services includes depreciation expense for our district energy business and airport parking business, which are reported in cost of services in our consolidated statements of operations. Depreciation and Depreciation cost of services do not include step-up depreciation expense of $6.9 million, $6.9 million and $4.6 million in connection with our investment in IMTT for the years

63

TABLE OF CONTENTS

ended December 31, 2008, 2007 and 2006, respectively, which is reported in equity earnings (losses) and amortization charges of investees in our statements of operations.

(2) Does not include step-up amortization expense related to intangible assets in connection with our investment in IMTT of $1.1 million, $1.1 million and $756,000 for the years ended December 31, 2008, 2007 and 2006, respectively. Also, does not include step-up amortization expense related to intangible assets in connection with our prior investment in the toll road business of $3.9 million for year ended December 31, 2006. These are both

reported in equity in earnings (losses) and amortization charges of investees in our statements of operations. Included in amortization expense for the year ended December 31, 2006 is a $23.5 million non-cash impairment charge relating to trademarks and domain names at our airport parking business. Included in amortization expense for 2007 is a $1.3 million non-cash impairment charge on the airport management contracts at our airport services business. The airport management contracts at our airport services business were subsequently sold in 2008.

Net (loss) income includes various non-cash items which have not been reversed in calculating EBITDA above. These non-cash items, which are described below, totaled ($ in thousands):

	Year Ended December 31,		
	2008	2007	2006
Non-cash expense items, net	$ 216,486	$ 89,374	$ 5,506

Non-cash items include:

non-cash goodwill impairment charges of $52.0 million at our airport services business and a $138.8 million charge at our airport parking business;

performance fees to our Manager of $44.0 million in 2007;

loss on extinguishment of debt in 2007 of $27.5 million from refinancing of the debt of our airport services and district energy businesses (comprised of a $14.7 million make-whole payment and $12.8 million non-cash write-off of previously deferred financing costs);

non-cash losses on derivative instruments of $2.6 million in 2008 and non-cash derivative losses of $1.2 million in 2007; and,

higher equity in earnings from our 50% interest in IMTT as a result of improved performance, offset by $46.3 million non-cash losses on derivatives recorded by IMTT for 2008 compared with non-cash losses on derivatives of $21.0 million in 2007 and a $12.3 million loss on extinguishment of debt as a result of the associated make-whole payment. We record 50% of these non-cash losses in our equity in earnings (losses) and amortization charges of investee in our consolidated results.

Excluding the above non-cash items, EBITDA for 2008 would have increased by approximately 22.1%.

AIRPORT SERVICES BUSINESS

Year Ended December 31, 2008 Compared to Year Ended December 31, 2007

The overall decline in economic activity in the U.S. has resulted in a decrease in the use of general aviation jet aircraft by some corporations and individuals. Activity at airports at which our airport services business operates was down by 9% in 2008 compared with 2007, as measured by the number of flight movements. This compares favorably with estimates of an industry-wide decrease in general aviation jet flight operations of 12%. The relatively better performance at the airports in our portfolio reflects the popularity of the destinations at which our business operates.

The industry-wide decline in flight activity accelerated in the last quarter of 2008 and was down 25.5% in November 2008 compared with November of 2007. The decrease in flight activity was not as severe in December 2008 with a decline of 19% versus the prior comparable period. Flight activity at the airports at which we operate were down 17% in December 2008 versus December 2007. We believe industry-wide flight activity in January 2009 was consistent with the level reported in December 2008.

TABLE OF CONTENTS

Flight movements and the volume of fuel sold are not directly correlated as other factors, such as the size of the aircraft in use, can significantly affect jet fuel consumption. For example, in 2008 the reduction in flight movements has been driven by a curtailment of activity by smaller jets that use less fuel and, therefore, the impact on fuel volume consumed has been less than the reduction in total activity.

The 9% decline in general aviation jet flight activity at airports in our network resulted in a 8.7% decline in the volume of general aviation fuel sold in 2008 compared to 2007. In addition to the decline in the volume of fuel sold, the business has also experienced some compression of average margins on fuel sales. Margin compression has resulted in part from an increased percentage of purchases by base tenants compared to transient customers, as base tenants tend to pay lower average margins. The increase in purchases made by base tenants relative to transient customers reversed trends we experienced in 2007. Some of our competitors are pursuing more aggressive pricing strategies, which have led to increased margin pressure at some of our locations. Margin compression has also resulted from management decisions to convert some customers from retail sales to into-plane (contract) sales where credit card fees on the retail sale would have reduced profitability by more than the lower average margin on the into-plane sale.

Management of the airport services business has successfully reduced expenses and partially offset the decline in volume and margins on fuel sales. As of September 2008, we have reduced run-rate costs by approximately $1.8 million per month, primarily through synergies realized in the integration of acquired sites and rationalization of staffing levels.

The decline in our stock price, particularly over the latter part of 2008, has caused our book value to exceed our market capitalization. As a result we have booked a non-cash impairment charge to goodwill of $87.5 million in our airport services business in the fourth quarter of 2008 in accordance with SFAS No. 142.

The following section summarizes the historical consolidated financial performance of our airport services business for the years ended December 31, 2008 and 2007.

The acquisition column and the total 2008 results in the table below include the operating results for:

- Supermarine for the period January 1, 2008 to May 31, 2008;
- Mercury for the period January 1, 2008 to August 8, 2008;
- San Jose for the period January 1, 2008 to August 16, 2008;
- Rifle for the period January 1, 2008 to November 30, 2008; and,
- Sevenbar for the period March 4, 2008 to December 31, 2008.

Key Factors Affecting Operating Results

- non-cash impairment charges of $52.0 million related to goodwill, $21.7 million related to intangible assets and $13.8 million related to property, equipment, land and leasehold improvements;
- positive contribution from acquisitions completed in 2007 and 2008;
- lower fuel volumes and lower weighted average fuel margins at existing locations;
- higher interest expense related to acquisition funding and increased borrowings associated with the refinancing of the business primary debt facility in October 2007; and
- lower compensation expense resulting from cost efficiencies.

TABLE OF CONTENTS

NM Not meaningful

(1) Corporate allocation expense, and the federal tax effect, have been excluded from the above table as they are eliminated on consolidation at the MIC Inc. level.

(2) Results for the existing locations columns include Supermarine FBOs from May 30, 2007 (following our acquisition) to December 31, 2007 and June 1, 2008 to December 31, 2008; Mercury FBOs from August 9, 2007 (following our acquisition) to December 31, 2007 and August 9, 2008 to December 31, 2008; San Jose FBOs from August 17, 2007 (following our acquisition) to December 31, 2007 and August 17, 2008 to December 31, 2008; and Rifle FBO from November 30, 2007 (following our acquisition) to December 31, 2007 and December 1, 2008 to December 31, 2008. Also included are all locations owned since January 1, 2007 for the full year.

(3) Acquisitions include the results of Supermarine FBOs (acquired May 30, 2007) for the period January 1, 2008 to May 31, 2008; Mercury FBOs (acquired August 9, 2007) for the period January 1, 2008 to August 8, 2008; San Jose FBOs (acquired August 17, 2007) for the period January 1, 2008 to August 16, 2008; Rifle FBOs (acquired November 30, 2007) for the period January 1, 2008 to November 30, 2008 and Seven Bar FBOs (acquired March 4, 2008).

66

TABLE OF CONTENTS

Revenue and Gross Profit

The majority of the revenue and gross profit in our airport services business is generated through fuelling general aviation aircraft at our 72 fixed base operations around the United States. This revenue is categorized according to who owns the fuel we use to service these aircraft. If we own the fuel, we record our cost to purchase that fuel as cost of revenue-fuel. Our corresponding fuel revenue is our cost to purchase that fuel plus a margin. We generally pursue a strategy of maintaining, and where appropriate increasing, dollar-based margins, thereby passing any increase or decrease in fuel prices through to the customer. We also have into-plane arrangements whereby we fuel aircraft with fuel owned by another party. We collect a fee for this service that is recorded as non-fuel revenue. Other non-fuel revenue includes various services such as hangar rentals, ramp fees and de-icing. Cost of revenue non-fuel includes our cost, if any, to provide these services.

The key factors behind changes in revenue and gross profit are fuel volume and our dollar-based margin per gallon. This applies to both fuel and into-plane revenue. Our customers will occasionally move from one category to the other. Therefore, we believe discussing our fuel and non-fuel revenue and gross profit and the related metrics on a combined basis provides a more meaningful analysis of our airport services business.

The growth in gross profit at all sites was primarily due to the inclusion of the results of sites acquired in 2007 and 2008. Gross profit at existing locations decreased mainly due to lower fuel volume resulting from lower general aviation activity (declines of 17.8% and 8.7% for the quarter and the year, respectively) and lower average general aviation fuel margins. Gross profit from other services at existing locations increased by 2.8% in 2008 as a result of higher de-icing revenue and hangar rentals in the first half of the year. For the quarter ended December 31, 2008, gross profit from other services declined as a result of lower general aviation traffic.

We attribute the volume decline primarily to a decrease in general aviation transient traffic. We believe the decline in transient traffic is due primarily to overall soft economic conditions. The slowing economy has contributed to a general decrease in corporate activity and reduction in business-related general aviation activity. The continuation or worsening of the current economic conditions could exacerbate this effect on our business.

While we seek to maintain or increase a dollar-based margin per gallon backed by a premium services offering, increased fuel prices that peaked in mid-2008 led to an increased focus on cost by some of our customers. These customers negotiated more aggressively on fuel purchases and contributed to a decrease in our average margins through the third quarter. Declining fuel price in the fourth quarter had a favorable impact on average fuel margins. In addition, some of our competitors are pursuing more aggressive pricing strategies that have also contributed to increased margin pressure.

Selling, General and Administrative Expenses

The decrease in selling, general and administrative expenses at existing locations for the year ended December 31, 2008 is due primarily to cost efficiencies resulting from integration of recently acquired businesses and management s actions to streamline our cost structure in response to the decline in gross profit resulting from the overall slowing of the economy. For the quarter ended December 31, 2008, selling, general and administrative expense decreased at our existing locations by $6.8 million or, 12.7%, primarily as a result of the cost reduction initiatives. Declining fuel prices contributed approximately $842,000 to the decrease in operating costs in the fourth quarter due to a reduction in credit card fees. The majority of the ongoing savings were fully realized during the third quarter and therefore are not completely reflected in the full year results.

Goodwill Impairment

In accordance with SFAS No. 142, we performed our annual impairment test at the reporting unit level during the fourth quarter of 2008. Goodwill is considered impaired when the carrying amount of a reporting unit s goodwill exceeds its implied fair value, as determined under a two-step approach. Based on the testing performed, we recognized a goodwill impairment charge of $52.0 million during 2008.

Depreciation and Amortization

The increase in depreciation and amortization expense was due to a non-cash impairment charge of $35.5 million, consisting of $21.7 million related to contractual arrangements and $13.8 million related to property, equipment, land and leasehold improvements at our airport services business, during the fourth quarter of 2008. Amortization expense of 2007 included a $1.3 million non-cash impairment charge relating to airport management contracts at our airport services business. These management contracts were subsequently sold in 2008.

Interest Expense, Net

The increase in interest expense in 2008 is due to the increased debt levels used to finance a portion of our 2007 acquisitions and growth capital expenditures, as well as the refinancing of the business debt facilities in October 2007. The refinancing consolidated all borrowings outstanding at the time.

EBITDA

Excluding the non-cash losses stemming from changes in the fair value of derivative instruments in 2008 and 2007, goodwill impairment in 2008 and the loss on debt extinguishment in 2007, EBITDA at existing locations would have decreased by 11.3% and 22.7% for the year and the quarter, respectively. EBITDA at all locations would have increased 13.3% for the year and decreased 21.6% the fourth quarter. The EBITDA decline is driven by a decrease in

gross profit partially offset by cost savings.

Year Ended December 31, 2007 Compared to Year Ended December 31, 2006

The following section summarizes the historical consolidated financial performance of our airport services business for the year ended December 31, 2006 and 2007. The acquisition column and the total 2007 (with the remainder of the year and the corresponding period in 2006 included in existing locations) results in the table below include the operating results for:

Trajen for the period January 1, 2007 to June 30, 2007;
Supermarine for the period May 30, 2007 to December 31, 2007;
Mercury for the period August 9, 2007 to December 31, 2007;
San Jose for the period August 17, 2007 to December 31, 2007; and
Rifle for the period November 30, 2007 to December 31, 2007.

Key Factors Affecting Operating Results

contribution of positive operating results from acquisitions completed in 2006 and 2007;
higher dollar per gallon fuel margins at existing locations;
higher non-military fuel volumes at existing locations;
increased de-icing revenue in the first quarter of 2007 as a result of colder winter in the Northeast region of the country; and,
higher expenses related to increased borrowings for acquisitions in completed in May and August 2007.

TABLE OF CONTENTS

NM Not meaningful

(1) Corporate allocation expense, and the federal tax effect, have been excluded from the above table as they are eliminated on consolidation at the MIC Inc. level.
(2) Results for the existing locations columns include Trajen's results from July 1 to December 31 in 2007 and July 11 to December 31 in 2006.
(3) Acquisitions include the results of Trajen FBOs (acquired July 11, 2006) for the period January 1 to June 30, 2007 only, Supermarine FBOs (acquired May 30, 2007) for the period May 30 to December 31, 2007, Mercury FBOs (acquired August 9, 2007) for the period of August 9 to December 31, 2007, San Jose FBOs (acquired August 17, 2007) for the period August 17 to December 31, 2007 and Rifle FBOs (acquired Nov 30, 2007) for the period of November 30, 2007 to December 31, 2007.

TABLE OF CONTENTS

Revenue and Gross Profit

Most of the revenue and gross profit in our airport services business is generated through fuelling general aviation aircraft at our 69 FBOs around the United States. This revenue is categorized according to who owns the fuel we use

to service these aircraft. If we own the fuel, we record our cost to purchase that fuel as cost of revenue-fuel. Our corresponding fuel revenue is our cost to purchase that fuel plus a margin. We generally pursue a strategy of maintaining, and where appropriate increasing, dollar margins, thereby passing any increase in fuel prices to the customer. We also have into-plane arrangements whereby we fuel aircraft with fuel owned by another party. We collect a fee for this service that is recorded as non-fuel revenue. Other non-fuel revenue includes various services such as hangar rentals, de-icing and airport services. Cost of revenue non-fuel includes our cost, if any, to provide these services.

The key factors for our revenue and gross profit are fuel volume and dollar margin per gallon. This applies to both fuel and into-plane revenue. Our customers will occasionally move from one category to the other. Therefore, we believe discussing our fuel and non-fuel revenue and gross profit and the related key metrics on a combined basis provides a more meaningful analysis of our airport services business.

Our total gross profit growth was due to several factors:

- inclusion of the results of acquisitions;
- higher non-military fuel volumes for existing locations;
- an increase in average dollar per gallon fuel margins at existing locations, resulting largely from a higher proportion of transient customers, which generally pay higher margins.

Selling, General and Administrative Expenses

The increase in selling, general and administrative expenses was primarily due to the addition of expense associated with the integration and rebranding of the acquired locations. The increase at our existing locations was a result of increased compensation expense, including non-cash benefits, in addition to higher credit card fees and increased maintenance and repair costs.

Interest Expense, Net

The increase in total interest expense was due to the increased debt level associated with acquisitions in 2007, including borrowings of $32.5 million to partially finance our acquisition of Supermarine, borrowings of $192.0 million to partially finance our acquisition of Mercury and borrowings of $80.0 million to partially finance our acquisition of San Jose. In October 2007, we refinanced all existing debt into a new term debt facility for $900.0 million, a $50.0 million capital expenditure facility and a $20.0 million working capital revolving facility.

Loss on Extinguishment of Debt

Loss on extinguishment of debt comprised a non-cash $9.8 million write-off of deferred finance costs, associated with the refinancing in the fourth quarter of 2007.

EBITDA

Excluding the non-cash loss from derivative instruments and non-cash loss on extinguishment of debt, EBITDA at existing locations and total EBITDA would have increased by approximately 13.6% and 64.5%, respectively. EBITDA growth was driven by:

- increased average dollar per gallon fuel margins; and
- inclusion of the results of acquisitions.

TABLE OF CONTENTS

BULK LIQUID STORAGE TERMINAL BUSINESS

We account for our 50% interest in this business under the equity method. We recognized income of $1.3 million in our consolidated results for the year ended December 31, 2008. This included our 50% share of IMTT s net income for the year, which was $6.1 million, offset by $4.7 million of additional depreciation and amortization expense (net of taxes). For the year ended December 31, 2007, we recognized a loss of $32,000 in our consolidated results. This included our 50% share of IMTT s net income of $4.8 million, offset by additional depreciation and amortization expense (net of taxes).

We have received $7.0 million in cash distributions from IMTT each quarter since completing our investment in May 2006. These distributions, to the degree classified as taxable dividends and not a return of capital for income tax purposes, qualify for the federal dividends received deduction; therefore, 80% of this amount is excluded in calculating our consolidated federal taxable income. Any distributions classified as a return of capital for income tax purposes will reduce our tax basis in IMTT. IMTT declared a dividend of $14.0 million in December 2008 with $7.0 million payable to us that we have recorded as a receivable at December 31, 2008, which we received in January 2009.

To enable meaningful analysis of IMTT's performance across periods, IMTT's performance for the 3 years ended December 31, 2008 is discussed below, including the period prior to our ownership.

Year Ended December 31, 2008 Compared to Year Ended December 31, 2007

Key Factors Affecting Operating Results

terminal revenue and terminal gross profit increased principally due to:
increases in average tank rental rates;
increases in storage capacity rented to customers; and
increases in revenue from the provision of other services due to the commencement of operations of a new storage facility at Geismar, LA.
revenue and gross profit from environmental response services increased principally due to spill response work and other activities related to a July 2008 fuel oil spill on the Mississippi River.

TABLE OF CONTENTS

NM Not meaningful.

TABLE OF CONTENTS

Revenue and Gross Profit

The increase in terminal revenue reflects growth in all major service segments. Storage revenue grew as the average rental rates charged to customers increased by 14.8% during 2008. The increase in storage revenue also reflected a 5.3% increase in storage capacity rented to customers for 2008, as the business completed certain expansion projects and reported contributions from a facility acquired in November 2007. In addition, the commencement of storage and related logistics services for our principal customer at the new Geismar, LA terminal contributed $12.2 million to terminal revenue in 2008.

Storage capacity utilization, defined as storage capacity rented divided by total capacity available, remained relatively constant at 94% during 2008 and 2007.

Increases in terminal revenue were offset by higher operating costs relating to the commencement of operations at Geismar, LA, the increase in storage capacity and throughput associated with the expansion of existing facilities, the acquisition of a new facility at Joliet in November 2007 and IMTT s extensive tank inspection and repair program being undertaken in LA. Also operating costs in 2008 were increased by a $2.0 million excise tax settlement related to IMTT s handling of alcohol during 2005 and a $1.0 million accrual for a potential air emission fee at Bayonne. Please see Legal Proceedings in Part I, Item 3 for discussion on the air emission fee.

Revenue and gross profit from environmental response services increased substantially during 2008 due to the central role played by Oil Mop in the response activities following the July 2008 fuel oil spill on the Mississippi River near New Orleans. Oil Mop generated $27.3 million in revenue from spill response work and ancillary services in 2008.

General and Administrative Expenses

Increased general and administrative costs during 2008 resulted from an exchange rate loss recorded for the Quebec facility consolidation, bad debt reserve for customers under bankruptcy protection and increased overhead costs due to the significant increase in environmental response activity.

Depreciation and Amortization

Depreciation and amortization expense increased by $8.6 million as IMTT completed several major expansion projects.

Interest Expense, Net

Interest costs increased during 2008 primarily due to higher borrowings incurred to fund growth capital expenditures.

Loss on Extinguishment of Debt

Loss on extinguishment of debt in 2007 comprised a $12.3 million make-whole payment associated with the repayment of the two tranches of senior notes in conjunction with the establishment of a new $625.0 million revolving credit facility.

Other Income

Other income for 2008 declined primarily due to gains from insurance settlements in 2007 which did not reoccur in 2008.

Unrealized (Losses) Gains on Derivative Instruments

On October 1, 2008, IMTT adopted hedge accounting and designated its 90-day LIBOR-based interest rate swaps as cash flow hedges of forecasted interest payments indexed to 90-day LIBOR under its revolving credit facility. IMTT also designated its 30-day LIBOR-based interest rate swaps as cash flow hedges of forecasted interest payments indexed to 30-day LIBOR under its term loan facility. Finally, IMTT designated its interest rate swaps indexed to 67% of 30-day LIBOR as cash flow hedges of forecasted interest payments indexed to the Bond Market Association Municipal Swap Index (BMA) under its GO Zone and New Jersey bonds. As discussed below, the resulting quarterly non-cash derivative loss of $41.8 million is primarily due to hedge accounting treatment of IMTT s revolving credit facility and GO Zone bonds hedge relationships.

During the fourth quarter of 2008, IMTT elected to pay interest indexed to the 30-day LIBOR rate on its revolving credit facility, rather than the 90-day LIBOR rate, which resulted in the loss of hedge accounting on this interest rate swap between October 1 and November 30, 2008. During this period, the entire fair value movement of $19.0 million on this derivative instrument was recognized as a loss. On December 1, 2008, a new hedge relationship was created to hedge all forecasted interest payments on this facility and thereby qualifying it for hedge accounting. This resulted in the hedge relationship being highly effective between December 1 and December 31, 2008, with $4.6 million of the fair value movement during this period recognized as other comprehensive income and the remaining $0.7 million of the fair value movement recognized as a loss.

For the quarter ended December 31, 2008, the hedge relationship on the GO Zone bonds was ineffective for hedge accounting purposes. As a result, the entire derivative fair value movement of $21.7 million during the fourth quarter of 2008 was recorded as a loss.

EBITDA

Excluding unrealized losses on derivative instruments, EBITDA for 2008 would have increased by 54.4%. EBITDA for 2007 includes the $12.3 million make-whole payment from the refinancing, which did not recur in 2008 EBITDA. Excluding both these factors, the equity in earnings to MIC would have increased by 46.0%.

Year Ended December 31, 2007 Compared to Year Ended December 31, 2006

Consolidation of Quebec Results

IMTT reported financial results for the Quebec site using equity accounting during 2006 but incorporated 2007 results into its financials on a consolidated basis. The following table provides IMTT results in which Quebec 2007 results are consolidated compared to where the impact of Quebec has been removed.

Year Ended December 31,			
2007	2007	2006	Change Favorable/(Unfavorable)
IMTT			

		IMTT Excl. Quebec	IMTT Excl. Quebec		
	$	$	$	$	%
	($ in thousands) (unaudited)				
Total revenue	275,197	265,000	225,465	39,535	17.5
Total operating costs	155,065	147,354	124,034	(23,320)	(18.8)
Total gross profit	120,132	117,646	101,431	16,215	16.0
Operating income	59,672	60,106	48,025	12,081	25.2
EBITDA	67,076	66,196	83,988	(17,792)	(21.2)

To provide a more meaningful comparison of current and previous year results, the following discussion and analysis of financial results will compare the IMTT Excluding Quebec 2007 results to the actual 2006 results.

Revenue and Gross Profit

Terminal revenue increased 16.3%, reflecting an increase of $17.5 million in storage revenue as well as growth in every other major service segment. In contracts signed during 2007, IMTT often achieved substantial rate increases. As a result, the average rental rates charged to customers increased by 9.1% over the previous year. Storage capacity rented increased by 2.3% while utilization during 2007 reached 95% compared to 96% during the previous year. In addition to increased storage revenue, terminal revenue growth also benefited from increases of $4.7 million in throughput and $1.8 million in heating charges. Other services and fees increased $9.1 million due to increased packaging activities at Lemont, charges for dock usage at Geismar, and customer reimbursements for capital projects completed at Bayonne, which are recognized ratably as revenue over the contract term. Gross profit from terminal services increased 18.4%, reflecting the increase in terminal revenue partially offset by increased operating costs. Direct labor costs rose as staffing

increased to accommodate expansion projects at St. Rose and the pending start-up of the Geismar site. Repair and maintenance expenses increased due to higher cleaning costs associated with tank inspections. Increased packaging activities at Lemont also increased expenses related to packaging consumables. The increase in costs along with revenue resulted in a limited increase in gross margin. Going forward, we anticipate that costs will increase at a slower rate than revenue and gross margin will increase as a result.

Revenue from environmental response services increased by $5.9 million, reflecting increases in materials sales and other services partially offset by decreased revenue from spill response. This shift in revenue mix accounted for the $1.5 million decrease in gross profit from environmental response services.

Depreciation and Amortization

Depreciation and amortization expense increased by $3.7 million as IMTT completed several capacity expansion projects and other major capital expenditures.

Interest Expense, Net

Interest expense decreased due to the repayment of higher rate private placement debt with lower rate debt from the new revolving credit facility in June 2007. Subsequently, the issuance of low interest GO Zone bonds in July 2007 allowed IMTT to repay debt obtained through the new revolving credit facility.

Loss on Extinguishment of Debt

During the second quarter 2007, IMTT repaid two tranches of senior notes in conjunction with the establishment of a new $625.0 million revolving credit facility. As a result, IMTT incurred a $12.3 million loss on extinguishment of debt as a result of the associated make-whole payment.

Other Income

During 2007, other income increased by $1.6 million over the previous year due to gains of $2.1 million on insurance settlements received for claims related to Hurricane Katrina and a reduction in losses from the nursery operations partially offset by favorable legal settlements and the write-off of payables during 2006.

Unrealized (Losses) Gains on Derivative Instruments

As part of financing activities during 2007, IMTT entered into additional interest rate swap arrangements to fix the effective interest rate on the new debt facilities. IMTT did not apply hedge accounting. As a result, movements in the fair value of interest rate derivatives held by IMTT were taken through earnings and reported in the unrealized (losses) gains on derivative instruments line in the IMTT financial statements.

EBITDA

Excluding non-cash (losses) gains on derivative instruments and the 2007 loss on extinguishment of debt, EBITDA would have increased by approximately 21.3%, primarily due to the increase in gross profit discussed above.

GAS PRODUCTION AND DISTRIBUTION BUSINESS

We completed our acquisition of TGC on June 7, 2006 and TGC contributed to our 2006 consolidated operating results from that date.

Because TGC's results of operations are only included in our consolidated financial results for less than seven months of 2006, the following analysis compares the historical results of operations for TGC under its current and prior owner. We believe that this is the most appropriate approach to analyzing the historical financial performance and trends of TGC.

TABLE OF CONTENTS

Year Ended December 31, 2008 Compared to Year Ended December 31, 2007

Key Factors Affecting Operating Results

decreased utility contribution margin due principally to lower volume of gas sold; and
increased non-utility contribution margin primarily due to price increases during 2008, partially offset by higher cost of fuel and increased costs to deliver LPG to Oahu s neighboring islands.

Management analyzes contribution margin for TGC because it believes that contribution margin, although a non-GAAP measure, is useful and meaningful to understanding the performance of TGC utility operations under its regulated rate structure and of its non-utility operations under a competitive pricing structure. Both structures provide the business with an ability to change rates when underlying feedstock costs change. Contribution margin should not be considered an alternative to operating income, or net income, which are determined in accordance with U.S. GAAP. We calculate contribution margin as revenue less direct costs of revenue other than production and transmission and distribution costs. Other companies may calculate contribution margin differently or may use different metrics and, therefore, the contribution margin presented for TGC is not necessarily comparable with metrics of other companies.

NM Not meaningful

(1) Income tax provision for 2007 and 2006 has been calculated based on 2008 tax rate for comparability.

(2) Corporate allocation expense, and the federal tax effect, have been excluded from the above table as they are eliminated on consolidation at the MIC Inc. level.

76

TABLE OF CONTENTS

Contribution Margin and Operating Income

Utility contribution margin decreased primarily due to lower volume of gas sold. Sales volume in 2008 was approximately 4% lower than 2007. Prior to the third quarter of 2008, a portion of utility customer fuel cost adjustments was offset by withdrawals from an acquisition funded escrow account that was fully exhausted in the second quarter of 2008. For 2008 and 2007, withdrawals of $1.6 million and $1.9 million, respectively, were recorded in cash flows from operating activities.

Non-utility contribution margin increased due to customer price increases, partially offset by higher costs of LPG and increases in the cost to transport LPG between islands. The volume of gas products sold in 2008 was approximately 2% lower than 2007.

We believe a number of factors such as rising energy prices over the last several years and a decline in tourism have contributed to a softening in the Hawaii economy. While recent energy prices have declined, we have yet to see a return to consumption at previous levels and our volumes could continue to trend downward. This is reflected in lower usage of gas for cooking, laundry services and water heating in tourism-related businesses. Additionally, SNG and LPG are impacted by world oil prices. We pass through these costs in our utility business. For our non-utility business, the pass through of these costs depends on competitive pressures. The softening of Hawaii s economy is reflected in a growing trend of business layoffs, closures and bankruptcies, some of which are customers of TGC. As a result of these conditions, we believe that 2009 will present challenges to maintaining the operating results achieved during 2008.

Production costs increased primarily due to higher electricity, material and personnel costs. Transmission and distribution costs were lower due principally to lower costs related to the completion of the government required pipeline inspection, and lower adjustment to reserves for asset retirement costs, partially offset by higher personnel and rent costs. Selling, general and administrative costs were higher due to an increase in bad debt expenses due to bankruptcies and business closures, higher personnel costs, including overtime and fewer vacancies, higher employee benefit costs, including pension expense, and higher professional services costs.

Interest Expense, Net

Interest expense increased due to higher outstanding borrowings for utility capital expenditures during 2008.

EBITDA

EBITDA was higher in 2008 compared with 2007 primarily due to non-utility operating results partially offset by higher selling, general and administration costs and lower utility operating results.

Year Ended December 31, 2007 Compared to Year Ended December 31, 2006

Contribution Margin and Operating Income

The utility contribution margin increased primarily due to the non-recurrence of $4.1 million of customer rebates that were made in 2006 as required by Hawaii state regulators as a condition of our purchase of TGC, partially offset by:

higher fuel cost adjustments in 2007 as these adjustments commenced in June 2006 upon our acquisition; and
customer mix of lower margin sales.

The cash effect of the fuel cost adjustments was offset by withdrawals from an escrow account that was established and funded at acquisition by the seller. TGC believes that these escrowed funds will be fully utilized by mid-2008 and thereafter escrowed funds would not be available. The cash reimbursements of the customer rebate and any fuel cost adjustment amounts are not reflected in revenue, but rather are reflected as releases of restricted cash and other assets.

Therm sales for the utility operations were slightly higher than in 2006, however, this was primarily from lower margin customers. The non-utility contribution margin increased due to customer price increases and

slightly higher therm sales, partially offset by higher costs of LPG and increases in the cost to transport LPG between islands. Production costs were higher due primarily to higher rent and personnel costs, partially offset by lower electricity and materials costs. Transmission and distribution costs were higher due principally to higher personnel costs, adjustments to reserves for asset retirement costs and government required pipeline inspection costs. Selling, general and administrative costs were higher due to higher personnel, employee benefits and professional service costs. The costs in 2006 included overhead charges by the prior parent company during the period of their ownership in 2006.

Depreciation and amortization increased due to the higher asset basis that resulted from our purchase of TGC and for capital additions.

Interest Expense, Net

Interest expense increased due to our acquisition funding. Interest expense in 2006 included the prior owner s write-off of deferred financing costs for the retirement of their debt in connection with their sale of the business.

Other (Expense) Income

Other expense for 2006 included $2.3 million of transaction costs incurred prior to our ownership.

EBITDA

EBITDA was higher in 2007 compared with 2006. Excluding the effects of the 2006 customer rebates and non-cash derivative losses, EBITDA would have decreased by approximately 3.3%.

DISTRICT ENERGY BUSINESS

Customers of our district energy business pay two charges to receive chilled water services: a fixed charge, or capacity charge, and a variable charge, or consumption charge.

Cooling capacity revenue is based on the maximum amount of chilled water that we have contracted to make available to a customer at any point in time and is generated irrespective of the volume of chilled water used by a customer. Capacity charges are typically adjusted annually at a fixed rate or are indexed to the Consumer Price Index (CPI).

Cooling consumption revenue is a variable charge based on the volume of chilled water actually used during a billing period. Cooling consumption revenue and the related direct costs vary within a relatively predictable range. Per ton consumption charges are generally linked to changes in a number of economic factors. The terms of our customer contracts provide for the pass through of increases or decreases in our electricity costs, the largest component of our direct expenses.

We believe that our district energy business will continue to generate stable cash flows and revenue due to both the nature of these two charges and the long-term contractual relationship with our customers.

We are not subject to specific government regulation, but our downtown Chicago operations are operated subject to the terms of a Use Agreement with the City of Chicago. The Use Agreement establishes the rights and obligations of our district energy business and the City of Chicago for the utilization of certain public ways of the City of Chicago for the operation of our district cooling system. Under the Use Agreement, we have a non-exclusive right to construct, install, repair, operate and maintain the plants, facilities and piping essential in providing district cooling chilled water service to customers. During the third quarter of 2008, the Chicago City Council approved Amendment 25 to our Use Agreement which extends the term of the agreement for an additional 20 years until December 31, 2040.

TABLE OF CONTENTS

Year Ended December 31, 2008 Compared to Year Ended December 31, 2007

Key Factors Affecting Operating Results

annual inflation-linked increases in contract capacity rates, resulting in higher capacity revenue;
cooler average temperatures resulting in decreased cooling consumption revenue and overall electricity costs due to lower ton-hour sales; and

higher borrowings associated with the refinanced debt facility established in September 2007, resulting in increased interest expense.

NM Not meaningful

(1) Includes depreciation expense of $5.8 million, $5.8 million and $5.7 million for the years ended December 31, 2008, 2007 and 2006 respectively.

(2) Corporate allocation expense, and the federal tax effect, have been excluded from the above table as they are eliminated on consolidation at the MIC Inc. level.

TABLE OF CONTENTS

Gross Profit

Gross profit was relatively flat primarily due to annual inflation-related increases of contract capacity rates in accordance with customer contract terms offset by lower cooling consumption revenue and overall electricity costs due to lower ton-hour sales resulting from cooler than average temperatures in 2008 compared with 2007. Other revenue increased due to our pass-through to customers of the higher cost of natural gas consumables, which is offset in other direct expenses.

Selling, General and Administrative Expenses

Selling, general and administrative expenses increased primarily due to the timing of audit fees in 2008 and the collection in 2007 of amounts which were previously written-off in relation to a customer bankruptcy filed in 2004.

Interest Expense, Net

Interest expense increased as a result of higher debt levels associated with the 2007 refinancing and higher non-cash amortization of deferred financing costs.

Loss on Extinguishment of Debt

Loss on extinguishment of debt comprised a $14.7 million make-whole payment and a $3.0 million deferred financing costs write-off associated with the refinance of our senior notes in 2007, which did not recur in 2008.

EBITDA

EBITDA for 2007 includes the $17.7 million loss on extinguishment of debt from the refinancing, which did not recur in 2008.

Year Ended December 31, 2007 Compared to Year Ended December 31, 2006

Key Factors Affecting Operating Results

capacity revenue increased due to the conversion of interruptible customers and annual inflation-related increases of contract capacity rates;
cooling consumption revenue and electricity costs increased due to higher electricity costs from the deregulation of the Illinois electricity market. Consumption revenue also increased due to warmer average temperatures; and
both capacity and consumption revenue increased due to a net increase in contracted capacity.

Gross Profit

Gross profit increased primarily due to higher capacity revenue related to four interruptible customers converting to continuous service over June through September of 2006, a net increase in contracted capacity and annual inflation-related increases of contract capacity rates in accordance with customer contract terms. Cooling consumption revenue also increased due to higher ton-hour sales from warmer than average temperatures from May to October, a net increase in contracted capacity and the pass-through to our customers of the higher electricity costs related to the January 2007 deregulation of Illinois electricity generation market. This pass-through is subject to annual reconciliations and true-ups to actual costs. Other revenue decreased due to our pass-through to customers of the lower cost of natural gas consumables, which is offset in other direct expenses.

Selling, General and Administrative Expenses

Selling, general and administrative expenses decreased due to the collection of amounts which were previously written-off in relation to a customer bankruptcy filed in 2004. Also, 2006 included legal and consulting fees related to strategy work in preparation for the 2007 deregulation of Illinois electricity generation market which did not re-occur in 2007.

Loss on Extinguishment of Debt

Loss on extinguishment of debt comprised a $14.7 million make-whole payment financed with the new debt facility and a non-cash $3.0 million write-off of deferred finance costs, associated with the repayment of our senior notes.

Other Income (Expense)

Other income increased due to the collection of a termination payment related to the customer bankruptcy filed in 2004. Also, the first six months of 2006 included pension benefits expense for union trainees employed from 1999 through 2005.

EBITDA

EBITDA decreased due to the $17.7 million loss on extinguishment of debt, offset by higher capacity revenue associated with four interruptible customers converting to continuous service during the previous year, the net increase in contracted capacity and the higher ton-hour sales from warmer weather. Excluding the loss on extinguishment of debt, EBITDA would have increased by approximately 24.1%.

AIRPORT PARKING BUSINESS

Year Ended December 31, 2008 Compared to Year Ended December 31, 2007

Key Factors Affecting Operating Results

non-cash impairment charges of $166.0 million, consisting of $138.8 million related to goodwill, $19.1 million related to property, equipment, land and leasehold improvements and $8.1 million related to intangible assets;
lower revenue due to reduced traffic volumes resulting from the U.S. economic downturn and accelerating declines in airline enplanements, most dramatically in the fourth quarter of 2008, partially offset by revenue from newly-acquired locations;
higher operating costs incurred in the latter half of 2007 and first quarter of 2008 associated with investments in customer service, direct marketing programs, increased fuel-costs and additional costs related to new location; and
higher selling, general and administrative costs due to a state sales tax settlement, higher insurance costs, severance and professional fees associated with technology investments, outsourcing initiatives and corporate office relocation.
81

TABLE OF CONTENTS

NM Not meaningful

(1) Includes depreciation expense of $24.3 million, $5.2 million, and $3.6 million for the years ended December 31, 2008, 2007 and 2006, respectively. Depreciation expense for 2008 includes a non-cash impairment charge of $19.1 million.

(2) Includes a non-cash impairment charge of $8.1 million related to customer relationships, leasehold rights and trademarks in 2008 and a $23.5 million charge for trademarks and domain names due to rebranding initiative in 2006.

(3) Corporate allocation expense and other intercompany fees, and the federal tax effect, have been excluded from the above table as they are eliminated on consolidation at the MIC Inc. level.

	Year Ended December 31,			Change (from 2007 to 2008)		Change (from 2006 to 2007)	
Operating Data:	2008	2007	2006		%		%
Cars Out[1]	1,898,245	2,016,244	2,087,082	(117,999)	(5.9)	(70,838)	(3.4)
Average Parking Revenue Per Car Out	$36.88	$37.06	$35.36	$(0.18)	(0.5)	$1.70	4.8
Average Overnight Occupancy	20,664	21,841	22,090	(1,177)	(5.4)	(249)	(1.1)

(1) Cars Out refers to the total number of customers exiting during the period.

(2) Average Overnight Occupancy refers to the aggregate average daily occupancy measured for all locations at the lowest point of the day and does not reflect turnover and intra-day activity.

82

TABLE OF CONTENTS

Year Ended December 31, 2007 Compared to Year Ended December 31, 2006

Key Factors Affecting Operating Results

higher revenue due to the addition of one new parking location that commenced operation in November 2006 and the sublease of a property previously used for overflow;
increased operating costs associated with improving customer service and additional costs incurred from one new location; and
higher selling, general and administrative costs associated with the consolidation of our locations under one brand.

LIQUIDITY AND CAPITAL RESOURCES

Our principal cash requirements include normal operating expenses, debt service, maintenance capital expenditures and quarterly distributions to shareholders. Our primary means of meeting these requirements is from cash generated by operating activities, although we could borrow against existing credit facilities or issue additional LLC interests.

In general, we have not retained significant cash balances in excess of what are prudent reserves in either our operating companies or our holding company. However, the current dislocation in the capital markets has caused us to retain cash that historically we would have distributed to shareholders, and we have therefore suspended our quarterly cash distributions. The additional cash is expected to buffer the company against continued deterioration in the credit markets in particular and, therefore, may be used by us to pay down holding company debt or outstanding debt of existing businesses that we believe have long term value, particularly our airport services business.

As previously discussed, there is substantial doubt about our parking business ability to continue as a going concern and we have no intention of contributing any additional capital to this business. Creditors of this business do not have recourse to any assets of the Company or any assets of our other businesses, other than approximately $12.0 million in guarantees.

With the exception of the liquidity needs of our airport parking business, we believe that we will have sufficient liquidity and capital resources to meet our future requirements, including our holding company and subsidiary debt obligations. We base our assessment of the sufficiency of our liquidity and capital resources on the following assumptions:

our businesses and investments overall generate, and will continue to generate, significant operating cash flow;
the ongoing maintenance capital expenditures associated with our businesses are modest and readily funded from their respective operating cash flow or available financing;
all significant short-term growth capital expenditures will be funded with cash on hand or from committed undrawn debt facilities; and
we will be able to refinance or extend maturing debt on terms that can be supported by the performance of the relevant business.

On February 25, 2009, we amended our airport services business credit facility to reduce the principal amount due under that facility and provide us additional operating flexibility over the near and medium term. We used $50.0 million in cash on hand to pay down $44.9 million of the outstanding term loan debt under the facility and $5.1 million of interest rate swap break fees, of which $1.1 million was paid to Macquarie Bank Limited, a related company. Additionally, we have agreed to apply all excess cash flow from the airport services business to make

mandatory prepayments of the term loans under facility whenever the debt level is equal to or more than 6.0x adjusted EBITDA for the trailing twelve months. We have also agreed to apply half the excess cash flow to make further prepayments whenever the debt level is equal to or greater than 5.5x and below 6.0x debt to adjusted EBITDA ratio. All of the excess cash flow from the business would be available for distribution to us whenever the debt level is below 5.5x debt to adjusted EBITDA ratio. Additionally, the maximum permitted debt to adjusted EBITDA ratio would be increased by 1.0x over the

83

TABLE OF CONTENTS

current maximum ratio until December 2013. In order to achieve the required adjusted EBITDA ratio, we have also cut selling, general and administrative costs in this business by approximately $22.0 million on an annual basis. The decrease in selling, general and administrative expenses reductions stem from cost efficiencies resulting from integration of recently acquired businesses and management s actions to streamline our cost structure in response to the decline in gross profit from the overall slowing of the economy.

We have amended the restricted payment test on this facility to substitute the minimum adjusted EBITDA test required to make distributions with a leverage test (debt to adjusted EBITDA). We have also increased the maximum leverage covenant until the final year of the facility, and amended a pre-approved list of capital expenditures for which borrowings remain available under the capital expenditures facility.

The section below discusses the sources and uses of cash on a consolidated basis and for each of our businesses and investments. All inter-company activities such as corporate allocation, capital contributions to our businesses and distributions from our businesses have been excluded from the tables below as these transactions are eliminated on consolidation. Prior period comparatives have been updated to also remove these inter-company activities.

COMMITMENTS AND CONTINGENCIES

The following tables summarize our future obligations, due by period, as of December 31, 2008, under our various contractual obligations and commitments. We had no off-balance sheet arrangement at that date or currently. The following information does not include IMTT, which is not consolidated.

	Payments Due by Period				
	Total	Less than One Year	1-3 Years	3-5 Years	More than 5 Years
	($ in thousands)				
Long-term debt[1]	$ 1,529,144	$ 201,344	$ 69,000	$ 169,000	$ 1,089,800
Interest obligations	408,327	96,412	162,581	118,441	30,893
Capital lease obligations[2]	1,676	905	640	131	
Notes payable	3,322	1,819	364	336	803
Operating lease obligations[3]	608,907	43,467	76,168	67,852	421,420
Time charter obligations[4]	2,339	953	1,386		
Pension benefit obligations	22,902	1,866	4,124	4,537	12,375
Post-retirement benefit obligations	1,913	185	391	405	932
Other	482	482			
Total contractual cash obligations[5]	$ 2,579,012	$ 347,433	$ 314,654	$ 360,702	$ 1,556,223

(1)

The long-term debt represents the consolidated principal obligation to various lenders. The debt facilities, which are obligations of the operating businesses and have maturities between 2009 and 2014, are subject to certain covenants, the violation of which could result in acceleration of the maturity date. The $201.3 million in the Less than One Year period relates entirely to debt of our airport parking business, due on or before September 9, 2009. This debt is secured by assets and collateral of our airport parking business. Creditors of this business do not have recourse to any assets of the Company or any assets of our other businesses other than approximately $12.0 million in guarantees and interest rate swap liabilities. See Management s Discussion and Analysis of Financial Condition and Results of Operations- Liquidity and Capital Resources in Part II, Item 7 for further discussions on airport parking business debt facilities due for repayment.

(2) Capital lease obligations are for the lease of certain transportation equipment. Such equipment could be subject to repossession upon violation of the terms of the lease agreements.

(3) This represents the minimum annual rentals required to be paid under non-cancelable operating leases with terms in excess of one year.

(4) TGC currently has a time charter arrangement for the use of two barges for transporting liquefied petroleum gas between Oahu and its neighbor islands.

(5) The above table does not reflect certain long-term obligations, such as deferred taxes, for which we are unable to estimate the period in which the obligation will be incurred.

In addition to these commitments and contingencies, we typically incur capital expenditures on a regular basis to:

- maintain our existing revenue-producing assets in good working order (maintenance capital expenditures); and
- expand our existing revenue-producing assets or acquire new ones (growth capital expenditures).

See Investing Activities below for further discussion of capital expenditures.

We also have other contingencies, including pending threatened legal and administrative proceedings that are not reflected above as amounts at this time are not ascertainable. See Legal Proceedings in Part I, Item 3.

Our sources of cash to meet these obligations are as follows:

- cash generated from our operations (see Operating Activities below);
- refinancing our current credit facilities on or before maturity (see Financing Activities below); and
- cash available from our undrawn credit facilities (see Financing Activities below).

In addition to these obligations, we have historically paid regular cash distributions to our shareholders, and expect to resume doing so in the future once the capital markets are functioning in a historically normal manner or once we believe we have acceptable level of insight into when they will be functioning normally.

We also incur performance fees from time to time paid to our Manager. Our Manager has historically elected to reinvest these fees in our LLC interests (previously trust stock). While these fees do not directly affect cash flows when paid in equity, they do increase the cash necessary to maintain and increase our distributions to shareholders, as they result in more outstanding LLC interests. We believe this increased cash requirement is mitigated by a lower cost of equity capital as the performance fees are earned only when our LLC interests outperform benchmark indices.

ANALYSIS OF CONSOLIDATED HISTORICAL CASH FLOWS

Year Ended December 31,			Change	Change
2008	2007	2006	(from 2007 to 2008)	(from 2006 to

				Favorable/(Unfavorable)		2007) Favorable/(Unfavorable)	
	$	$	$	$	%	$	%
	($ in thousands)						
Cash provided by operating activities	$93,675	$96,550	$46,365	(2,875)	(3.0)	50,185	108.2
Cash used in investing activities	(83,400)	(644,010)	(686,196)	560,610	87.0	42,186	6.1
Cash provided by financing activities	483	567,546	562,328	(567,063)	(99.9)	5,218	0.9

Operating Activities

Consolidated cash provided by operating activities mainly comprises the cash from operations of the businesses we own, as described in each of the business discussions below. The cash flow from our consolidated business operations is partially offset by expenses paid at the corporate level, such as base management fees paid in cash, professional fees and interest on any amounts drawn on our revolving credit facility.

The decrease in consolidated cash provided by operating activities was due primarily to:

a $8.7 million decrease in working capital balances in 2008, compared to a $17.6 million decrease in 2007; and
increased interest expense due to higher levels of debt; partially offset by
improved EBITDA, as discussed in Results of Operations, net of the following non-cash charges in 2007, that did not recur in 2008:

TABLE OF CONTENTS

$44.0 million performance fees paid in stock; and
$27.5 million charges associated with the retirement of debt at our airport services and district energy businesses.

We believe our operating activities overall provide a source of sustainable and stable cash flows over the long-term with the opportunity for future growth due to:

consistent customer demand driven by the basic everyday nature of the services provided;
our strong competitive position due to factors including:
high initial development and construction costs;
difficulty in obtaining suitable land near many of our operations (for example, airports, waterfront near ports);
long-term concessions/contracts;
required government approvals, which may be difficult or time-consuming to obtain;
lack of cost-efficient alternatives to the services we provide in the foreseeable future; and
product/service pricing that we expect to generally keep pace with price changes due to factors including:
consistent demand;
limited alternatives;
contractual terms; and
regulatory rate setting.

Consolidated cash provided by operating activities comprises the cash from operations of the businesses we own as described below. The cash flow from our consolidated business operations is partially offset by expenses paid at the corporate level, such as base management fees, professional fees and interest on any amounts drawn on our revolving credit facility.

Investing Activities

The decrease in the cash used in investing activities was primarily due to:

lower cost of acquisitions completed in 2008 (Seven Bar and various airport parking facilities) compared with 2007 (Supermarine, Mercury, San Jose and Rifle); partially offset by
cash proceeds from the sale of two small, non-core businesses at our airport services business; and
receipt of approximately $85.0 million as sale proceeds in January 2007 from the disposition of our interest in Macquarie Yorkshire Limited in December 2006.

Distributions from IMTT are reflected in our consolidated cash provided by operating activities only up to our 50% share of IMTT s positive earnings. Amounts in excess of this, and any distributions when IMTT records a net loss, are reflected in our consolidated cash from investing activities.

The primary driver of cash used in investing activities in our consolidated cash flows has been acquisitions of businesses in new and existing segments and the dispositions of our non-U.S. businesses. The other main driver is capital expenditures. Maintenance capital expenditures are generally funded by cash from operating activities and growth capital expenditures are generally funded by drawing on our available credit facilities or by equity capital. We may fund maintenance capital expenditures from credit facilities or equity capital and growth capital expenditures from operating activities from time to time. We expect that our growth capital expenditures will generally be yield accretive once placed in service. Acquisitions of businesses are generally funded on a long-term basis through raising additional equity capital and/or project-financing style credit facilities. We have drawn on our MIC Inc. revolving credit facility to temporarily fund some acquisitions. We anticipate repaying the current outstanding balance from cash provided by operating

---

activities. In the past, we have repaid this facility with proceeds from raising additional equity and/or obtaining long-term project-financing style facilities.

Financing Activities

The decrease in cash provided by financing activities was primarily due to:

proceeds from our equity raise in 2007 of $241.3 million, net of offering costs; and
higher debt drawdowns in 2007, primarily by our airport services business to partially finance the 2007 FBO acquisitions and by our district energy business, from the refinancing of its existing debt.

The primary drivers of cash provided by financing activities are equity offerings, debt financing of acquisitions and the subsequent refinancing of our businesses. A smaller portion of cash provided by financing activities relates to principal payments on capital leases and principal payments on the relatively small amount of our non-amortizing debt. We do not expect significant changes in cash provided by financing activities during 2009 unless conditions in the capital markets improve.

The primary transactions contributing to our consolidated investing and financing cash flows include:

2008:

the acquisition of 3 additional FBOs and 2 parking lots; and
draws against existing debt facilities to fund these acquisitions.

2007:

- the acquisition of 29 additional FBOs;
- proceeds from issuance of equity and debt to finance these acquisitions;
- refinancing of debt in our airport services and district energy businesses; and
- sale of our investment in an offshore toll road concession in 2006, for which we received the proceeds in 2007.

2006:

- acquisitions of our 50% share of the bulk liquid storage terminal business, our 100% investment in the gas production and distribution business, and 23 additional FBOs;
- proceeds from issuance of equity and debt to finance the above acquisitions;
- refinancing of debt at our airport parking business; and
- sale of our investments in MCG and SEW.

Our businesses are capitalized with a mix of equity and project-financing style long-term debt. We believe we can prudently maintain relatively high levels of leverage due to the generally sustainable and stable long-term cash flows our businesses have provided in the past and we expect to continue in the future as discussed above. Our long-term debt is primarily non-amortizing and we consider this to be permanent in nature. Most of our businesses debt is term debt, while some of our businesses also maintain capital expenditure and/or working capital facilities.

We generally determine what we believe to be the optimal capital structure for a business as part of our acquisition process. We implement that structure at acquisition by acquiring an appropriate amount of debt at the subsidiary level and contributing equity from proceeds of an equity offering and/or cash on hand from previous offerings. We maintain a revolving credit facility at the MIC Inc. level to facilitate the acquisition process when we need temporary financing until we complete an equity offering and/or debt financing at the subsidiary level. We continue to actively assess and manage the capital structure of our businesses after acquisition, resulting in refinancing recurring typically every several years or more often.

TABLE OF CONTENTS

MIC Inc. Revolving Credit Facility

On February 13, 2008, we renewed our existing $300.0 million revolving credit facility. The renewed facility is provided by the following lenders: Citicorp North America Inc. (as lender and administrative agent), Wachovia Bank National Association, Credit Suisse, Cayman Islands Branch, WestLB AG, New York Branch, and Macquarie Bank Limited. We have used the revolving facility to fund acquisitions, capital expenditures and to a limited extent, working capital.

On February 20, 2008, we drew $56.0 million on this facility, part of which we used to fund the acquisition of Seven Bar FBOs which was completed in the first quarter of 2008, and part of which we used for other projects. On July 31, 2008, we drew an additional $13.0 million on this facility to fund the acquisition of SkyPark, which was completed in the third quarter of 2008. Macquarie Bank Limited, a related party, committed $66.7 million to the $300.0 million facility, of which $12.4 million was drawn on February 20, 2008 as part of the $56.0 million total drawdown and $2.9 million was drawn on July 31, 2008 as part of the $13.0 million drawdown. The balance outstanding at December 31, 2008 was $69.0 million.

The borrower under the facility is MIC Inc., a direct subsidiary of the Company, and the obligations under the facility are guaranteed by the Company and secured by a pledge of the equity of all current and future direct subsidiaries of MIC Inc. and the Company. The terms and conditions for the revolving facility include events of default,

representations and warranties and covenants that are generally customary for a facility of this type. In addition, the revolving facility includes a restriction on cross guarantees and an event of default should the Manager or another member of the Macquarie Group cease to manage our business and operations.

The following is a summary of the material terms of the facility:

Facilities	\$300.0 million for loans and/or letters of credit \$50.0 million uncommitted accordion feature
Termination date	March 31, 2010
Interest and principal repayments	Interest only during the term of the loan
	Repayment of principal at termination, upon voluntary prepayment, or upon an event requiring mandatory prepayment
Eurodollar rate	LIBOR plus 2.75% per annum
Base rate	Base rate plus 1.75% per annum
Annual commitment fee	0.50% per annum on the average daily undrawn balance
Financial covenants (calculations include MIC Inc. and the Company)	Ratio of Debt to Consolidated Adjusted Cash from Operations < 5.6 (at December 31, 2008: 0.74x) Ratio of Consolidated Adjusted Cash from Operations to Interest Expense > 2.0 (at December 31, 2008: 39.61x) Minimum EBITDA (as defined in the facility) of \$100.0 million (at December 31, 2008: \$200.6 million)

See below for further description of the cash flows related to our businesses.

TABLE OF CONTENTS

AIRPORT SERVICES BUSINESS

	Year Ended December 31,			Change (from 2007 to 2008) Favorable/(Unfavorable)		Change (from 2006 to 2007) Favorable/(Unfavorable)	
	2008	2007	2006				
	\$	\$	\$	\$	%	\$	%
	(\$ in thousands)						
Cash provided by operating activities	73,128	85,323	37,942	(12,195)	(14.3)	47,381	124.9
Cash used in investing activities[(1)]	(68,002)	(704,259)	(353,620)	636,257	90.3	(350,639)	(99.2)
Cash provided by financing activities[(1)]	27,069	411,191	168,844	(384,122)	(93.4)	242,347	143.5

(1) We provided our airport services business with \$41.9 million of funding in 2008 which was used to pay for the acquisition of Seven Bar FBOs (reflected above in cash used in investing activities) and to pre-fund integration costs. We also provided \$423.0 million in 2007 which was used to pay for the acquisitions of Supermarine, Mercury, San Jose and Rifle FBOs and to pre-fund integration costs, and \$5.8 million to fund growth capital

expenditures (both of which are also reflected above in cash used in investing activities). These contributions from us are not reflected in cash provided by financing activities above, as they are eliminated on consolidation.

In response to the slowing of the overall economy and the recent decline in general aviation activity, we have undertaken to reduce the indebtedness of our airport services and provide for greater cushion with respect to debt covenants. In cooperation with our lenders, we amended the terms of the loan agreement of our airport services business. The amendment was executed on February 25, 2009. The revised terms are outlined under Financing Activities below.

Operating Activities

Operating cash at our airport services business is generated from sales transactions primarily paid by credit cards. Some customers are extended payment terms and billed accordingly. Cash is used in operating activities mainly for payments to vendors of fuel, aircraft services and professional services, as well as payroll costs and payments to tax jurisdictions. Despite the contribution to our operating results from sites acquired, cash provided by operating activities decreased mainly due to declining performance at existing locations, higher interest expense related to acquisition funding and the timing of fuel payments, including a one-off change to payment terms from suppliers in 2007.

Investing Activities

Cash used in investing activities relates primarily to our acquisitions and capital expenditures. Cash paid for our acquisition of Seven Bar FBOs in the first quarter of 2008, net of cash acquired, was $41.5 million. We funded the acquisition with borrowings under our MIC Inc. revolving credit facility that we contributed to the business. This compares to a purchase price of $660.6 million, net of cash acquired, for the acquisitions of Supermarine, Mercury, San Jose and Rifle in 2007, of which we funded $304.5 million in new debt at the business level and the remainder through contributions by us to the business.

Maintenance expenditures are generally funded by cash from operating activities and growth capital expenditures are generally funded with draw downs on capital expenditure facilities or equity contributions from us.

Maintenance Capital Expenditure

Maintenance capital expenditures encompass repainting, replacing equipment as necessary and any ongoing environmental or required regulatory expenditure, such as installing safety equipment. These expenditures are funded from cash flow from operating activities.

Growth Capital Expenditure

Growth capital expenditures are incurred primarily in connection with lease extensions and only where we expect to receive an appropriate return relative to our cost of capital. Historically these expenditures have

---

included development of hangars, terminal buildings and ramp upgrades. We have funded these projects through our growth capital expenditure facilities.

The following table sets forth information about capital expenditures in our airport services business:

	Maintenance	Growth
2006	$ 3.2 million	$ 3.9 million
2007	$ 8.6 million	$ 19.0 million
2008	$ 7.7 million	$ 26.8 million
2009 projected	$ 7.7 million	$ 6.0 million
Commitments at December 31, 2008	$ 61,000	$ 641,000

The increased growth capital expenditures in 2008 primarily relates to projects associated with the Mercury acquisition, the construction of a new hangar at the San Jose FBO and a ramp repair and extension at our Teterboro location. We expect growth capital expenditures to be $6.0 million in 2009 and $2.9 million in 2010. The expected decrease in growth capital expenditures reflects the completion of all major projects undertaken last year as well as obligations under our various FBO lease agreements.

The increases in maintenance capital expenditures are primarily due to an increased number of locations arising from our acquisitions. We generally expect annual maintenance capital expenditures to average between $100,000 and $200,000 per location to provide necessary upgrades and refurbishment of our facilities as well as additions to and replacement of our ground support equipment fleet.

Financing Activities

The decrease in cash provided by financing activities is primarily due to the additional debt associated with the purchase of Supermarine, Mercury and San Jose in 2007 and the refinancing of debt in October 2007.

The financial covenant requirements under the airport services business debt and credit facilities, and the calculation of these measures at quarter end, were as follows:

Debt Service Coverage Ratio > 1.2x or 1.6x for cash lock-up (at December 31, 2008: 2.1x)
Leverage Ratio < 7.75x (at December 31, 2008: 6.68x)
Minimum adjusted EBITDA (as defined in the debt facility) > $127.5 million (at December 31, 2008: $140.7 million)

The terms of the loan agreement of our airport services business have been revised in accordance with the amendment completed and effective on February 25, 2009. A comparative summary of key terms is presented below.

Item	Existing Terms	Revised Terms
Borrower	Atlantic Aviation	Unchanged
Facilities	$900.0 million term loan facility (fully drawn at December 31, 2008)	Unchanged
	$50.0 million capital expenditure facility ($39.8 million drawn at December 31, 2008)	Unchanged
	$20.0 million revolving working capital and letter of credit facility ($6.8 million utilized for letters of credit at December 31, 2008)	$18.0 million revolving working capital and letter of credit facility ($6.8 million utilized to back letter of credit at December 31, 2008)

TABLE OF CONTENTS

Item	Existing Terms	Revised Terms

Amortization	Payable at maturity	Unchanged
	100% of excess cash flow in years 6 and 7 used to prepay loans	Years 1 to 5, amortization per leverage grid below: 100% excess cash flow when Leverage Ratio is 6.0x or above 50% excess cash flow when Leverage Ratio is between 6.0x and 5.5x 100% of excess cash flow in years 6 and 7 (unchanged)
Interest type	Floating	Unchanged
Interest rate and fees	Years 1 5:	
	LIBOR plus 1.6% or	Unchanged
	Base Rate (for revolving credit facility only): 0.6% above the greater of: (i) the prime rate or (ii) the federal funds rate plus 0.5%	Unchanged
	Years 6 7:	
	LIBOR plus 1.725% or	Unchanged
	Base Rate (for revolving credit facility only): 0.725% above the greater of: (i) the prime rate or (ii) the federal funds rate plus 0.5%	Unchanged
Maturity	October, 2014	Unchanged
Mandatory prepayment	With net proceeds that exceed $1.0 million from the sale of assets not used for replacement assets;	Unchanged
	With net proceeds of any debt other than permitted debt;	Unchanged
	With net insurance proceeds that exceed $1.0 million not used to repair, restore or replace assets;	Unchanged
	In the event of a change of control;	Unchanged
	With excess cash flow, in the event that distribution conditions are not met for two consecutive quarters;	Additional mandatory prepayment based on leverage grid (see distribution covenant below)
	With any FBO lease termination payments received;	Unchanged
	With excess cash flows in years 6 and 7.	Unchanged
Financial covenants	Debt service coverage ratio > 1.2x (at December 31, 2008: 2.1x)	Unchanged
	Leverage ratio < 7.75x (at December 31, 2008: 6.68x)	Maximum leverage ratio for subsequent periods modified as follows: 2009: 8.25x 2012: 6.75x 2010: 8.00x 2013: 6.00x 2011: 7.50x 2014: 5.00x (unchanged)

91

TABLE OF CONTENTS

Item	Existing Terms	Revised Terms
Distribution covenant	Distributions permitted if the following conditions are met:	
	Backward and forward debt service coverage ratio equal to or greater than 1.6x;	Unchanged
	No default;	Unchanged
	All mandatory prepayments have been made;	Unchanged
	Twelve month adjusted EBITDA equal to or greater than $127.5 million in 2008 increasing to $182.1 million in 2014;	Replaced by a test based on the Leverage Ratio: 100% of excess cash flow permitted to be distributed when leverage ratio is below 5.5x 50% of excess cash to be distributed when leverage ratio is equal to or greater than 5.5x and less than 6.0x No distribution permitted when leverage ratio is 6.0x or above
	No revolving loans outstanding.	Unchanged
Collateral	First lien on the following (with limited exceptions):	Unchanged
	Project revenues;	Unchanged
	Equity of the borrower and its subsidiaries; and	Unchanged
	Insurance policies and claims or proceeds.	Unchanged
Adjusted EBITDA definition	Excludes certain non-recurring or extraordinary non-cash income or losses during the relevant period	Excludes (i) all extraordinary or non-recurring non-cash income or losses during relevant the period (including losses resulting from write-off of goodwill or other assets in accordance with Statement of Financial Accounting Standards No. 142 and No. 144); and (ii) any non-cash income or losses due to change in market value of the hedging agreements

BULK LIQUID STORAGE TERMINAL BUSINESS

The following analysis represents 100% of the cash flows of IMTT, which we believe is the most appropriate and meaningful approach to discussing the historical cash flow trends of IMTT, rather than just the composition of cash flows that are included in our consolidated cash flows. We account for our 50% ownership of this business using the equity method, so distributions are reflected in our consolidated cash flow from operating activities only up to our 50% share of IMTT s positive earnings. When IMTT records a net loss, or pays distributions in excess of our share of its earnings, distributions we receive in excess of IMTT s earnings are reflected in the consolidated cash flow from investing activities. We have received a quarterly dividend of $7.0 million since completing our investment in May 2006. For the year ended December 31, 2008, $1.3 million was included in our consolidated cash from operating activities and $26.7 million was included in our consolidated cash from investing activities. For the year ended December 31, 2007, $28.0 million was included in consolidated cash from investing activities.

Beginning first quarter of 2009, the IMTT shareholders agreement prescribes that distributions to be paid by IMTT will convert from a fixed amount to a variable amount generally based on IMTT s cash flow from operating activities less maintenance and environmental capital expenditures. However, we may agree to reduce the level of distributions

actually paid by IMTT during 2009 and beyond below the amount prescribed

by the shareholders agreement after consideration of, among other factors, the outlook for bulk liquid storage market conditions, the level of IMTT s indebtedness and the availability of external sources of funding for growth capital projects. In particular, as discussed further below, in 2009 IMTT intends to seek to raise additional debt financing to fund its growth capital expenditure program and scheduled debt amortizations during 2009 and 2010. In the event that sufficient additional debt financing is not able to be raised, IMTT will need to fund all or part of its existing growth capital expenditure program and scheduled debt amortizations during 2009 and 2010 from cash flow from operating activities resulting in a potentially significant reduction in the level of distributions to be paid by IMTT in 2009 and 2010.

Based on current market conditions and assuming completion during 2009 of some of the expansion projects currently under construction, it is anticipated that IMTT s gross profit and EBITDA will increase to ranges of $165.0 million to $177.0 million and $140.0 million to $152.0 million, respectively, in 2009. Increased maintenance and environmental capital expenditure and capitalized dredging expenditure in 2009 is anticipated to reduce IMTT s cash available for distribution in 2009 to a range of $28.0 million to $36.0 million. IMTT anticipates that gross profit, EBITDA and cash available for distribution will increase from 2009 in 2010 due to the positive impact of a full year contribution from growth projects coming on line part way through 2009 and a contribution from growth projects coming on line in 2010.

	Year Ended December 31,			Change (from 2007 to 2008) Favorable/(Unfavorable)		Change (from 2006 to 2007) Favorable/(Unfavorable)	
	2008	2007	2006				
	$	$	$	$	%	$	%
	($ in thousands)						
Cash provided by operating activities	94,087	91,431	66,791	2,656	2.9	24,640	36.9
Cash used in investing activities	(166,640)	(264,457)	(90,540)	97,817	37.0	(173,917)	(192.1)
Cash provided by financing activities	71,815	142,228	57,526	(70,413)	(49.5)	84,702	147.2

Operating Activities

Cash provided by operating activities at IMTT is generated primarily from storage rentals and ancillary services that are billed monthly and paid on various terms. Cash is used in operating activities mainly for payroll costs, maintenance and repair of fixed assets, utilities and professional services, interest payments and payments to tax jurisdictions. The increases in 2007 and 2008 were primarily due to higher gross profit offset by increases in deferred revenue and working capital and increase in interest expense in 2008.

Investing Activities

Cash used in investing activities relates primarily to capital expenditures as discussed below. The decrease in cash used in investing activities in 2008 reflects the investment of GO Zone bond proceeds in escrow during the third quarter 2007 and the sale of these investments during 2008. Aggregate capital expenditure increased from $88.8 million in 2006 to $209.1 million in 2007 to $221.7 million in 2008.

Maintenance Capital Expenditure

IMTT typically incurs capital expenditures on a regular basis to maintain the existing revenue-producing assets in good working order and prolong the useful lives or increase the service capacity of those revenue-producing assets (maintenance capital expenditures). Maintenance capital expenditures include the refurbishment of storage tanks, piping, and dock facilities, and environmental capital expenditure, principally in relation to improvements in containment measures and remediation.

During 2008, IMTT spent $42.7 million on maintenance capital expenditures, including $35.4 million principally in relation to tank refurbishments and repairs to docks and other infrastructure and $7.2 million on environmental capital expenditures, principally in relation to improvements in containment measures and remediation.

In 2009, IMTT expects to spend approximately $65.0 million to $67.0 million on maintenance capital expenditures. The increase in maintenance capital expenditure from 2008 reflects primarily (i) an increase in

the number and size of tanks to be inspected and repaired vis-à-vis 2008 pursuant to IMTT s extensive tank cleaning and inspection program in LA, (ii) the deferral of capital expenditure projects from 2008 to 2009 and (iii) the need to undertake repairs and upgrades to some of the infrastructure at its Louisiana terminals. IMTT anticipates that maintenance capital expenditures will remain at elevated levels through 2012 before moderating somewhat in 2013.

Growth Capital Expenditure

During 2008, IMTT spent $187.6 million on specific growth projects, including $101.8 million in relation to the construction of the new bulk liquid chemical storage facility at Geismar, LA, $40.7 million principally for the construction of new storage tanks at its other three sites in Louisiana, and $34.6 million for tank construction and refurbishment as well as improved infrastructure at its Bayonne, NJ facility. The balance of the expenditure on specific expansion projects related to a number of smaller projects to improve the capabilities of IMTT s facilities. Since our investment in IMTT in May 2006, the business has undertaken or committed to a total of $505.6 million in expansion projects and acquired the Joliet, IL facility for $18.5 million. Capital projects completed across the terminals, including the acquisition of the Joliet, IL facility, through December 31, 2008 added and/or refurbished approximately 4.8 million barrels of storage capacity and contributing $39.6 million to gross profit and EBITDA on an annualized basis.

The largest expansion project completed since 2006 has been the construction of a new bulk liquid chemical storage and logistics facility on the Mississippi River at Geismar, LA. The project became fully operational in late 2008. IMTT ultimately expects to spend $215.1 million on this project. Subject to certain minimum volumes of chemical products being handled by the facility, existing customer contracts are anticipated to generate minimum terminal gross profit and EBITDA of approximately $18.8 million per year. The bulk liquid storage and logistics facility and other storage added at Geismar, which became operational in early 2008, contributed $11.9 million to gross profit and EBITDA in 2008.

IMTT currently has ongoing growth projects for the construction of 2.1 million barrels of new storage capacity and associated infrastructure at St. Rose, LA which are expected to be put into service in the first and second quarters of 2010 and the construction/conversion of 1.1 million barrels of new capacity and associated infrastructure at Bayonne, NJ which are expected to be put into service in the second and fourth quarters of 2009. Other smaller growth projects are also being pursued. On a combined basis, the projects under construction are expected to have a total cost of $179.3 million and are expected to contribute approximately $24.6 million to gross profit and EBITDA on an

annualized basis. Of the total cost of IMTT s current growth projects, $121.4 million remained to be spent as at December 31, 2008. Contracts with a term of between four and 10 years have been signed with customers for substantially all of the tanks being constructed/converted in LA and NJ.

It is anticipated that the existing growth capital expenditure commitments will be funded from a combination of IMTT s existing and new debt facilities. In 2009 IMTT is seeking to raise additional debt financing to fund both its growth capital expenditure program and scheduled amortizations in 2009 and 2010 of $26.0 million of the $78.0 million term loan facility discussed below. In the event of insufficient debt financing being available on acceptable terms to meet its existing growth capital expenditure commitments and scheduled amortizations in 2009 and 2010, IMTT will need to utilize cash flow from operations to provide the necessary funding and correspondingly reduce distributions to its shareholders in 2009 and 2010.

Financing Activities

The decrease in cash flows from financing activities from 2007 to 2008 was primarily due to the issuance of all of the GO Zone bonds during July 2007 while $55.5 million of the proceeds raised were not utilized until 2008 reducing debt raising requirements. The change from 2006 to 2007 was primarily due to:

- funding from the new revolving credit facility established in 2007; and
- issuance of GO Zone bonds.

The following tables summarize the key terms of IMTT's senior debt facilities as at December 31, 2008.

On June 7, 2007, IMTT entered into a Revolving Credit Agreement with Suntrust Bank, Citibank N.A., Regions Bank, Rabobank Nederland, Branch Banking & Trust Co., DNB NOR Bank ASA, Bank of America

N.A., BNP Paribas, Bank of Montreal, The Royal Bank of Scotland PLC, Mizuho Corporate Bank Ltd. and eight other banks establishing a $600.0 million U.S. dollar denominated revolving credit facility and a $25.0 million equivalent Canadian dollar revolving credit facility. The Agreement also allows for an increase in the U.S. dollar denominated revolving credit facility of up to $300.0 million on the same terms at the election of IMTT. No commitments have been sought from lenders to provide this increase at this time and given market conditions such commitments are considered unlikely in the foreseeable future. The facility is guaranteed by IMTT s key operating subsidiaries.

At signing, IMTT borrowed $168.5 million under the new U.S. dollar denominated revolving credit facility to fully repay and extinguish the then existing two tranches of fixed rate notes issued by IMTT and to replace letters of credit outstanding under the then existing U.S. dollar denominated revolving credit facility which was terminated. IMTT also borrowed $10.1 million equivalent under the Canadian dollar denominated revolving credit facility to fully repay the then existing Canadian dollar denominated revolving credit facility which was terminated. Since establishment, the new revolving credit facilities have been used primarily to fund IMTT s growth capital expenditures in the U.S. and Canada. The terms of the IMTT s U.S. dollar and Canadian dollar denominated revolving credit facilities are summarized in the table below.

Facility Term	USD Revolving Credit Facility	CAD Revolving Credit Facility
Amount Outstanding as of December 31, 2008	$477.4 million	$20.2 million
Undrawn Amount	$122.6 million	$4.8 million

Uncommitted Expansion Amounts	$300.0 million	
Maturity	June, 2012	June, 2012
Amortization	Revolving. Payable at maturity.	Revolving. Payable at maturity
Interest Rate	Floating at LIBOR plus a margin based on the ratio of Debt to EBITDA of IMTT s operating subsidiaries as follows: < 2.00 0.55% 2.00>2.50 0.70% 2.50>3.00 0.85% 3.00>3.75 1.00% 3.75>4.00 1.25% 4.00> 1.50%	Floating at Canadian LIBOR plus a margin based on the ratio of Debt to EBITDA of IMTT s operating subsidiaries as follows: <2.00 0.55% 2.00>2.50 0.70% 2.50>3.00 0.85% 3.00>3.75 1.00% 3.75>4.00 1.25% 4.00> 1.50%
Commitment Fees	A percentage of undrawn committed amounts based on the ratio of Debt to EBITDA of IMTT s operating subsidiaries as follows: <2.00 0.125% 2.00>2.50 0.15% 2.50>3.00 0.175% 3.00>3.75 0.20% 3.75>4.00 0.25% 4.00> 0.25%	A percentage of undrawn committed amounts based on the ratio of Debt to EBITDA of IMTT s operating subsidiaries as follows: <2.00 0.125% 2.00>2.50 0.15% 2.50>3.00 0.175% 3.00>3.75 0.20% 3.75>4.00 0.25% 4.00> 0.25%
Security	Unsecured except for pledge of 65% of shares in IMTT s two Canadian subsidiaries.	Unsecured except for pledge of 65% of shares in IMTT s two Canadian subsidiaries.
Financial Covenants (applicable to IMTT s operating subsidiaries on a combined basis)	Debt to EBITDA Ratio: Max 4.75x (at December 31, 2008: 3.54x) EBITDA to Interest Ratio: Min 3.00x (at December 31, 2008: 9.30x)	Debt to EBITDA Ratio: Max 4.75x (at December 31, 2008: 3.54x) EBITDA to Interest Ratio: Min 3.00x (at December 31, 2008: 9.30x)
Restrictions on Payments of Dividends	None, provided no default as a result of payment.	None, provided no default as a result of payment.

95

TABLE OF CONTENTS

Of the $477.4 million outstanding balance against the U.S. dollar denominated revolving credit facility, IMTT had drawn $221.0 million in cash and issued $256.4 million in letters of credit backing tax-exempt GO Zone bonds and NJEDA bonds on issue by IMTT and commercial activities.

To partially hedge the interest rate risk associated with IMTT's current floating rate borrowings under the U.S. dollar denominated revolving credit agreement, IMTT has entered into a 10 year fixed to quarterly LIBOR swap, maturing in March 2017, with a notional amount $90.0 million as of December 31, 2008 increasing to $200.0 million by December 31, 2012, at a fixed rate of 5.507%.

The key terms of the GO Zone bonds and the NJEDA bonds on issue by IMTT are summarized below.

Facility Term

	New Jersey Economic Development Authority Dock Facility Revenue Refund Bonds	New Jersey Economic Development Authority Variable Rate Demand Revenue Refunding Bond
Amount Outstanding as of December 31, 2008	$30.0 million	$6.3 million
Undrawn Amount		
Maturity	December, 2027	December, 2021
Amortization	Payable at maturity	Payable at maturity
Interest Rate	Floating at tax exempt bond daily tender rates	Floating at tax exempt bond daily tender rates
Make-whole on Early Repayment	None	None
Debt Service Reserves Required	None	None
Security	Unsecured (required to be supported at all times by bank letter of credit issued under the revolving credit facility)	Unsecured (required to be supported at all times by bank letter of credit issued under the revolving credit facility)
Financial Covenants (applicable to IMTT s key operating subsidiaries on a combined basis)	None	None
Restrictions on Payments of Dividends	None, provided no default as a result of payment	None, provided no default as a result of payment
Interest Rate Hedging	Hedged from October, 2007 through November, 2012 with $30.0 million 3.41% fixed vs. 67% of LIBOR interest rate swap	Hedged from October, 2007 through November, 2012 with $6.3 million 3.41% fixed vs. 67% of LIBOR interest rate swap

The key terms of the GO Zone Bonds issued are summarized in the table below.

Facility Term	Gulf Opportunity Zone Bonds
Amount Outstanding as of December 31, 2008	$215.0 million
Undrawn Amount	
Maturity	July, 2037
Amortization	Payable at maturity
Interest Rate	Floating at tax exempt bond daily tender rates
Make-whole on Early Repayment	None
Debt Service Reserves Required	None
Security	Unsecured (required to be supported at all times by bank letter of credit issued under the revolving credit facility)
Financial Covenants (applicable to IMTT s key operating subsidiaries on a combined basis)	None
Restrictions on Payments of Dividends	None, provided no default as a result of payment

96

TABLE OF CONTENTS

For federal income tax purposes, interest on the GO Zone Bonds is excluded from gross income and is not an item of tax preference for purposes of federal alternative minimum tax imposed on individuals and corporations that are

investors in the Go Zone Bonds; however, for purposes of computing the federal alternative minimum tax imposed on certain corporations, such interest is taken into account in determining adjusted current earnings. As a consequence of this and the credit support provided by the letters of credit issued under the U.S dollar denominated revolving credit facility, the floating interest rate applicable to similar bonds has historically averaged approximately 67% of LIBOR. Interest on the GO Zone Bonds is deductible to IMTT as incurred except to the extent capitalized and amortized as part of project costs as required, for federal income tax purposes.

To hedge the interest rate risk associated with IMTT's GO Zone Bond borrowings, IMTT has entered into a 10 year fixed to monthly 67% of LIBOR swap, maturing in June 2017, with a notional amount of $175.0 million as of December 31, 2008, increasing to $215.0 million on January 1, 2009, at a fixed rate of 3.662%.

As discussed above, IMTT intends to seek to raise additional U.S dollar denominated debt facilities at the operating company level in 2009 to fund IMTT s growth capital expenditure program. Due to current financial market conditions, it is anticipated that the interest rate margins payable on new debt facilities raised will be in excess of the margins payable on the existing U.S dollar denominated revolving credit facility.

In addition to the senior debt facilities discussed above, subsidiaries of IMTT Holdings Inc. that are the parent entities of IMTT's key operating subsidiaries are the borrowers and guarantors under a debt facility with the following key terms:

	Term Loan Facility
Amount Outstanding as of December 31, 2008	$78.0 million
Undrawn Amount	
Maturity	December, 2012
Amortization	$13.0 million on each of December 31, 2009 and December 31, 2010 with balance payable at maturity.
Interest Rate	Floating at LIBOR plus 1.0%
Make-whole on Early Repayment	None.
Debt Service Reserves Required	None.
Security	Unsecured.
Guarantees	The facility is required to be progressively guaranteed by IMTT's key operating subsidiaries. These subsidiaries guarantee $52.0 million of the outstanding balance as at December 31, 2008 and the guarantee requirement increases by $13.0 million on December 31, 2009 at which time the full outstanding amount will be guaranteed by IMTT's key operating subsidiaries. Further, if the Debt to EBITDA ratio of IMTT's key operating subsidiaries on a combined basis exceeds 4.5x as at December 31, 2009, IMTT's key operating subsidiaries will assume the obligations under the term loan facility.
Financial Covenants	None.
Restrictions on Payments of Dividends	None.
Interest Rate Hedging	Fully hedged with $78.0 million amortizing, 6.29% fixed vs. LIBOR interest rate swap expiring December, 2012.

In addition to the debt facilities discussed above, IMTT Holdings Inc. received loans from its shareholders other than MIC from 2006 to 2008. The shareholder loans have a fixed interest rate of 5.5% and

TABLE OF CONTENTS

will be repaid over 15 years by IMTT Holdings Inc. with equal quarterly amortization that commenced March 31, 2008. Shareholder loans of $36.5 million were outstanding as at December 31, 2008.

Although IMTT adopted hedge accounting on October 1, 2008, it recorded significant non-cash derivative losses from the fair value movements on their interest rate swaps. These movements and losses are discussed under the Unrealized (Losses) Gains on Derivative Instruments section of Management s Discussion and Analysis of Financial Conditions and Results of Operations for IMTT.

GAS PRODUCTION AND DISTRIBUTION BUSINESS

We completed our acquisition of the gas production and distribution business on June 7, 2006. The following analysis compares the historical cash flows under both the current and prior owners. We believe that this is the most appropriate approach to discussing the historical cash flow trends of this business, rather than discussing the composition of cash flows that is included in our consolidated cash flows, since the date of our acquisition only.

	Year Ended December 31,			Change (from 2007 to 2008) Favorable/(Unfavorable)		Change (from 2006 to 2007) Favorable/(Unfavorable)	
	2008	2007	2006				
	$	$	$	$	%	$	%
	($ in thousands)						
Cash provided by operating activities	27,078	16,005	16,857	11,073	69.2	(852)	(5.1)
Cash used in investing activities	(9,424)	(7,870)	(265,007)	(1,554)	(19.7)	257,137	97.0
Cash provided by financing activities	2,000	5,000	148,763	(3,000)	(60.0)	(143,763)	(96.6)

Operating Activities

The main drivers for cash provided by operating activities are customer receipts and amounts withdrawn from a restricted cash escrow account, offset by timing of payments for fuel, materials, pipeline repairs, vendor services and supplies, payment of payroll and benefit costs, payment of revenue-based taxes and payment of administrative costs. Our customers are generally billed monthly and make payments on account. Our vendors and suppliers generally bill us when services are rendered or when products are shipped. The increase from 2007 to 2008 was primarily due to lower accounts receivable balances due to lower fuel prices and higher operating income driven by higher margins.

Investing Activities

Cash used in investing activities primarily comprises capital expenditures. Capital expenditures for the non-utility business are funded by cash from operating activities and capital expenditures for the utility business are funded by drawing on credit facilities as well as cash from operating activities. Cash paid for our acquisition of this business is included in the results for 2006.

Maintenance Capital Expenditure

Maintenance capital expenditures include costs associated with ongoing operations. This includes replacement of pipeline sections, improvements to our transmission system and SNG plant, improvements to buildings and other property and the purchases of vehicles and equipment.

Growth Capital Expenditure

Growth capital expenditures include the purchases of meters, regulators and propane tanks for new customers, the cost of installing pipelines for new residential and commercial construction and the costs of new commercial energy projects.

The following table sets forth information about capital expenditures in our gas production and distribution business:

	Maintenance	Growth
2006	$ 7.7 million	$ 2.4 million
2007	$ 4.7 million	$ 4.0 million
2008	$ 5.8 million	$ 3.9 million
2009 projected	$ 4.0 million	$ 3.3 million
Commitments at December 31, 2008	$ 659,000	$ 320,000

We expect to fund approximately 80% of our total 2009 capital expenditures with available debt facilities that relate to the utility operations. 2009 capital expenditures are expected to be lower than previous years due to deferral of several large projects until the economic outlook improves. 2008 capital expenditures were higher than 2007 primarily due to the completion of improvements made to a backup utility propane system.

The change in capital expenditure from 2007 to 2008 was primarily due to:

- improvements to a backup utility propane system to improve reliability; and
- new customer related projects.

The change in capital expenditure from 2006 to 2007 was primarily due to:

- fewer pipeline section replacements due to the 2006 pipeline replacements; and
- fewer vehicle purchases in 2007 than in 2006.

Commitments at December 31, 2008 include completion of improvements to a backup utility propane system and two large residential development projects as well as several smaller commercial projects.

Financing Activities

The main drivers for cash from financing activities are debt financings for capital expenditures and the repayment of outstanding debt facilities.

The change from 2007 to 2008 was primarily due to:

- $5.0 million of long-term borrowing for utility assets in 2008; and
- $3.0 million payment of short-term working capital borrowings outstanding at the end of 2007.

The change from 2006 to 2007 was primarily due to:

- $3.0 million of short-term borrowing for working capital needs in 2007;
- $160.0 million of borrowings for our acquisition of TGC, net of $3.3 million of financing costs, in 2006; and
- $9.9 million in distributions to the previous owner in 2006.

The terms and conditions for the debt facilities include events of default, covenants and representations and warranties that are generally customary for facilities of this type. The facility also requires mandatory repayment if we or another entity managed by the Macquarie Group fails to either own 75% of the respective borrowers or control the management and policies of the respective borrowers. The HPUC, in approving the purchase by us, requires that consolidated debt to total capital for HGC Holdings not exceed 65%. The ratio was 61.7% at December 31, 2008. Material terms of the credit facilities are summarized below:

	Holding Company Debt	Operating Company Debt	
Borrowers	HGC Holdings LLC	The Gas Company, LLC	
Facilities	$80.0 million Term Loan	$80.0 million Term Loan	$20.0 million Revolver ($9.0 million drawn at December 31, 2008)
Collateral	First priority security interest on HGC assets and equity interests	First priority security interest on TGC assets and equity interests	
Maturity	June, 2013	June, 2013	June, 2013
Amortization	Payable at maturity	Payable at maturity	Payable at the earlier of 12 months or maturity
Interest: Years 1 5	LIBOR plus 0.60%	LIBOR plus 0.40%	LIBOR plus 0.40%
Interest: Years 6 7	LIBOR plus 0.70%	LIBOR plus 0.50%	LIBOR plus 0.50%
Distributions Lock-Up Test		12 mo. look-forward and 12 mo. look-backward adjusted EBITDA/interest <3.5x	
Mandatory Prepayments		12 mo. look-forward and 12 mo. look-backward adjusted EBITDA/interest <3.5x for 3 consecutive quarters	
Events of Default Financial Triggers		12 mo. look-backward adjusted EBITDA/interest <2.5x	12 mo. look-backward adjusted EBITDA/ interest <2.5x

The gas production and distribution business has entered into interest rate swaps hedging 100% of the interest rate exposure under the two $80.0 million term loans of the facility that effectively fixes the interest rate at 4.8375% (excluding the margin).

During the second quarter of 2008, TGC increased its uncommitted unsecured short-term borrowing facility to $7.5 million. This credit line is being used for working capital needs; no amounts were outstanding as of December 31,

2008.

DISTRICT ENERGY BUSINESS

	Year Ended December 31,			Change (from 2007 to 2008) Favorable/(Unfavorable)		Change (from 2006 to 2007) Favorable/(Unfavorable)	
	2008	2007	2006				
	$	$	$	$	%	$	%
	($ in thousands)						
Cash provided by operating activities	17,766	14,085	11,172	3,681	26.1	2,913	26.1
Cash used in investing activities	(5,378)	(9,421)	(1,618)	4,043	42.9	(7,803)	NM
Cash provided by financing activities	986	11,637	1,369	(10,651)	(91.5)	10,268	NM

NM Not meaningful

TABLE OF CONTENTS

Operating Activities

Cash provided by operating activities is primarily driven by customer receipts for services provided and for leased equipment, the timing of payments for electricity and vendor services or supplies and the payment of payroll and benefit costs. The change in cash provided by operating activities from 2007 to 2008 was primarily due to working capital improvements related to higher collection of customer reimbursements of connection costs and the timing of vendor payments for services or supplies.

The change from 2006 to 2007 was primarily due to higher contracted capacity and consumption in 2007 and an increase in working capital items, primarily accrued expenses relating to construction costs, offset by an increase in accounts receivable in 2007.

Investing Activities

Cash used in investing activities mainly comprises capital expenditures, which are generally funded by drawing on available credit facilities. Cash used in investing activities in 2007 and 2008 funded higher levels of growth capital expenditures for plant expansion and new customer interconnections, with 2007 amounts representing a significant expansion of a Chicago plant.

Maintenance Capital Expenditure

We expect to spend up to $1.0 million per year on capital expenditures relating to the replacement of parts, system reliability, customer service improvements and minor system modifications. Maintenance capital expenditures through 2012 will be funded from available debt facilities.

Growth Capital Expenditure

The following table summarizes growth capital expenditures committed by our district energy business as well as the gross profit and EBITDA expected to be generated by those expenditures. Of the $28.8 million total, approximately $13.3 million, or 46%, has been spent as of December 31, 2008.

	Capital Expenditure Cost ($ Millions)	Gross Profit/ EBITDA ($ Millions)	Expected Date	
Chicago Plant and Distribution System Expansion	7.7			
New Chicago Customer Connections and Minor System Modifications	7.4			
	15.1	5.3	2007	2011
Chicago Plant Renovation and Expansion	11.0	1.3	2010	2011
Las Vegas System Expansion	2.7	0.3	2010	
Total	28.8	6.9		

New customers will typically reimburse us for a substantial portion of expenditures related to connecting them to our system, thereby reducing the impact of this element of capital expenditure. In addition, new customers generally have up to two years after their initial service date to increase capacity up to their final contracted tons which may defer a small portion of the expected gross profit and EBITDA. We anticipate that the expanded capacity sold to new or existing customers will be under contract or subject to letters of intent prior to us committing to the capital expenditure. As of February 12, 2009, we have signed contracts with twelve new customers representing approximately 84% of expected additional gross profit and EBITDA relating to the Chicago projects in the table above.

Our agreement with customers of our Las Vegas operations requires us to provide services to additional buildings being constructed on the property as long as the service requirements do not cause the plant to exceed its capabilities.

We expect to fund the capital expenditures for system expansion and interconnection primarily by drawing on available debt facilities.

The following table sets forth information about capital expenditures in our district energy business:

	Maintenance	Growth
2006	$ 1.1 million	$ 0.5 million
2007	$ 0.9 million	$ 8.5 million
2008	$ 1.0 million	$ 4.4 million
2009 projected	$ 1.0 million	$ 15.4 million
Commitments at December 31, 2008		$ 2.1 million

Financing Activities

Cash provided by financing activities is primarily driven by draws on revolving credit facilities and refinancings. The change from 2007 to 2008 was primarily due to the 2007 refinancing in which $150.0 million of new long-term borrowing was used to repay outstanding senior notes of $120.0 million and an $11.6 million revolver facility ($9.0 million of which was drawn in 2007), partially offset by a make-whole payment of $14.7 million.

Material terms of the facility are presented below:

Borrower	Macquarie District Energy, Inc., or MDE
Facilities	$150.0 million of term loan facility (fully drawn at December 31, 2008) $20.0 million of capital expenditure facility ($1.5 million drawn at December 31, 2008) $18.5 million of revolver working capital and letter of credit facility ($7.1 million utilized at December 31, 2008 for letters of credit)
Amortization	Payable at maturity
Interest type	Floating
Interest rate and fees	Interest rate: LIBOR plus 1.175% or Base Rate (for capital expenditure and revolving credit facilities only): 0.5% above the greater of the prime rate or the federal funds rate Commitment fee: 0.35% on the undrawn portion.
Maturity	September, 2014; September, 2012 for the revolver facility
Mandatory prepayment	With net proceeds that exceed $1.0 million from the sale of assets not used for replacement assets; With insurance proceeds that exceed $1.0 million not used to repair, restore or replace assets; In the event of a change of control;

	In years 6 and 7, with 100% of excess cash flow applied to repay the term loan and capital expenditure facilities;
	With net proceeds from equity and certain debt issuances; and
	With net proceeds that exceed $1.0 million in a fiscal year from contract terminations that are not reinvested.
Distribution covenant	Distributions permitted if the following conditions are met:
	Backward interest coverage ratio greater than 1.5x (at December 31, 2008: 2.9x);
	Leverage ratio (funds from operations to net debt) for the previous 12 months equal to or greater than 5.5% in years 1 and 2 and thereafter equal to or greater than 6.0% (at December 31, 2008: 13.0%);

102

TABLE OF CONTENTS

	No termination, non-renewal or reduction in payment terms under the service agreement with the Planet Hollywood (formerly Aladdin) hotel, casino and the shopping mall, unless MDE meets certain financial conditions on a projected basis, including through prepayment; and
	No default or event of default.
Collateral	First lien on the following (with limited exceptions):
	Project revenues;
	Equity of the Borrower and its subsidiaries;
	Substantially all assets of the business; and
	Insurance policies and claims or proceeds.

The facility includes events of default, representations and warranties and other covenants that are customary for facilities of this type. A change of control will occur if the Macquarie Group, or any fund or entity managed by the Macquarie Group, fails to control MDE.

To hedge the interest commitments under the new term loan, the district energy business entered into interest rate swaps fixing 100% of the term loan at 5.074% (excluding the margin).

AIRPORT PARKING BUSINESS

	Year Ended December 31,			Change (from 2007 to 2008) Favorable/(Unfavorable)		Change (from 2006 to 2007) Favorable/(Unfavorable)	
	2008	2007	2006				
	$	$	$	$	%	$	%
	($ in thousands)						
Cash (used in) provided by operating activities	(1,904)	3,051	7,386	(4,955)	(162.4)	(4,335)	(58.7)
Cash used in investing activities[1]	(26,684)	(5,157)	(4,202)	(21,527)	NM	(955)	(22.7)
Cash (used in) provided by financing activities[1]	(1,215)	(3,072)	6,069	1,857	60.4	(9,141)	(150.6)

NM Not meaningful

(1) We provided our airport parking business with $26.9 million of funding in 2008 of which $13.3 million was used to pay for the acquisition of property previously leased by the business (with the total cost of $13.5 million being reflected above in cash used in investing activities), $11.4 million was used to pay for the SkyPark facility and to pre-fund capital expenditures and $2.2 million of which was used to support its ongoing operations. These contributions from us are not reflected in cash used in financing activities above, as they are eliminated on consolidation.

Operating Activities

Cash used in operating activities is primarily driven by customer receipts, timing of payments for rent, repairs and maintenance, fuel for shuttle buses, and payroll and benefits. As discussed under Management s Discussion and Analysis of Financial Condition and Results of Operations above, our airport parking business has experienced declining operating performance in the second, third and fourth quarters of 2008. Prior to 2008, we had financed the liquidity needs of our airport parking business with its cash from operating activities as well as existing cash balances. However, in the second and third quarters of 2008, we contributed a total of $2.2 million in cash to support the business ongoing operations and other cash needs, including to pay its $1.1 million state sales tax assessment and to maintain its minimum liquidity requirements under its debt facility. We have no intention of contributing any further capital to this business other than potentially obligations that we guaranteed, including interest rate swap payments, lease payments up to a maximum amount of approximately $6.0 million and approximately $417,000 of debt.

Investing Activities

Cash used in investing activities is primarily driven by capital expenditures and payments for acquisitions. In the first quarter of 2008, we contributed $13.3 million cash to the business to facilitate the

103

TABLE OF CONTENTS

acquisition of property in Oakland. The property was previously leased by us and the purchase eliminated

approximately $1.2 million of annual cash rent expense. In the third quarter of 2008, we contributed $11.4 million of cash to facilitate the acquisition of the self-park facility in Newark, NJ to strengthen our position in a historically robust market with additional lower priced self-park capacity. We expect the Newark facility to have a positive contribution to operations going forward.

Both purchases were funded through borrowings under the MIC Inc. revolving credit facility.

Maintenance Capital Expenditure

Maintenance capital projects include site improvements and IT equipment. Management has focused on improving the customer experience with upgrades to shuttle services, facilities and technology. We reduced our 2008 full year capital expenditures and expect to reduce our 2009 projected capital expenditures further by increasingly deferring non-essential items in light of declining operating results and our negative outlook for commercial enplanements. A higher level of expenditures consistent with historical amounts would likely need to be incurred beginning in 2010 and beyond to maintain the long term performance of the business.

The following table sets forth information about capital expenditures in our airport parking business:

	Maintenance	Growth
2006	$ 4.2 million	
2007	$ 4.2 million	$ 0.9 million
2008[(1)]	$ 2.2 million	
2009 projected	$ 622,000	
Commitments at December 31, 2008	$ 83,000	

(1) Excludes approximately $13.5 million for land acquired, that was previously leased. The business has taken steps to effect the sale of the land and the Company has disclosed the land acquired as land available for sale, in the consolidated balance sheets.

Financing Activities

Cash used in financing activities comprised $1.5 million of debt and capital lease payments, partially offset by a release of restricted cash. Cash used in 2007 comprised $1.7 million payments of capital leases and an increase in the restricted cash balance of $1.1 million.

Material terms of the credit facility are presented below:

Borrowers	Parking Company of America Airports, LLC Parking Company of America Airports Phoenix, LLC PCAA SP, LLC PCA Airports, Ltd.
Facility	$195.0 million term loan
Security	Borrower assets
Maturity	September 9, 2009
Amortization	Payable at maturity
Interest rate	1 month LIBOR plus:
Years 1 3	1.90%
Year 4	2.10%
Year 5	2.30%

Minimum Liquidity	$3.0 million (at December 31, 2008: $4.6 million)
Minimum Net Worth	$40.0 million (as calculated in the loan agreement) (at December 31, 2008, we believe we would not meet this covenant, but are not required to test this unless requested by the lender.)
Lock Up Test	Debt Service Coverage Constant Ratio of 1.00 to 1.00 with respect to the immediately preceding 12 month period (at December 31, 2008: 0.96x)

TABLE OF CONTENTS

	As a result of our failure to meet this test, excess cash may be held, as determined by the lender, as collateral for the loan or applied against the principal amount until such time as the test is met.
	An event of default would be triggered if the Borrower fails to reserve excess cash or fails to provide the excess cash calculation after receipt of notice.

The agreement includes a provision restricting transfers that would result in a change of control, which may prohibit a transfer to a person who is not affiliated with the Macquarie Group.

The airport parking business has entered into an interest rate swap agreement for $195.0 million through the maturity of the loan on September 9, 2009. The airport parking business obligations under the interest rate swap have been guaranteed by MIC Inc.

On January 1, 2009, we had $4.3 million of outstanding debt that was scheduled to mature. We have requested an extension on this debt, are in discussion with the lender and anticipate that we will secure it. An additional $2.1 million of outstanding debt is also scheduled to mature on May 1, 2009. The $195.0 million credit facility matures on September 9, 2009 and we believe it is unlikely, absent a significant improvement in credit markets and improvement in the business operations or substantial concessions from lenders, that we will be able to refinance or repay this indebtedness prior to its maturity and we have classified all of this debt as current, due to uncertainty regarding the business ability to extend or refinance the facilities. In addition, the business is currently in default under the liquidity covenant in this facility and, based on the preliminary results for the first quarter of 2009, it is unlikely that the business will be in compliance with its other financial covenants as of March 31, 2009. In the event we are unable to obtain waivers, or are unable to restructure this indebtedness, the lenders may pursue certain remedies, including seeking to foreclose on collateral. In such event, we may be required to seek bankruptcy protection for the business or liquidate the business. We are in discussions with our lenders as discussed above but these discussions may not result in an acceptable solution.

CRITICAL ACCOUNTING ESTIMATES

The preparation of our financial statements requires management to make estimates and judgments that affect the amounts reported in the financial statements and accompanying notes. We base our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances. Actual results could differ from these estimates under different assumptions and judgments and uncertainties, and potentially could result in

materially different results under different conditions. Our critical accounting estimates and policies are discussed below. These estimates and policies are consistent with the estimates and accounting policies followed by the businesses we own.

Business Combinations

Our acquisitions of businesses that we control are accounted for under the purchase method of accounting. The amounts assigned to the identifiable assets acquired and liabilities assumed in connection with acquisitions are based on estimated fair values as of the date of the acquisition, with the remainder, if any, recorded as goodwill. The fair values are determined by our management, taking into consideration information supplied by the management of acquired entities and other relevant information. Such information includes valuations supplied by independent appraisal experts for significant business combinations. The valuations are generally based upon future cash flow projections for the acquired assets, discounted to present value. The determination of fair values require significant judgment both by management and outside experts engaged to assist in this process.

Goodwill, Intangible Assets and Property, Plant and Equipment

Significant assets acquired in connection with our acquisition of the airport services business, gas production and distribution business, district energy business and airport parking business include contract rights, customer relationships, non-compete agreements, trademarks, domain names, property and equipment and goodwill.

Trademarks and domain names are generally considered to be indefinite life intangibles. Trademarks, domain names and goodwill are not amortized in most circumstances. It may be appropriate to amortize some

trademarks and domain names. However, for unamortized intangible assets, we are required to perform annual impairment reviews and more frequently in certain circumstances.

The goodwill impairment test is a two-step process, which requires management to make judgments in determining what assumptions to use in the calculation. The first step of the process consists of estimating the fair value of each reporting unit based on a discounted cash flow model using revenue and profit forecasts and comparing those estimated fair values with the carrying values, which included the allocated goodwill. If the estimated fair value is less than the carrying value, a second step is performed to compute the amount of the impairment by determining an implied fair value of goodwill. The determination of a reporting unit's implied fair value of goodwill requires the allocation of the estimated fair value of the reporting unit to the assets and liabilities of the reporting unit. Any unallocated fair value represents the implied fair value of goodwill, which is compared to its corresponding carrying value. The airport services business, gas production and distribution business, district energy business and airport parking business are separate reporting units for purposes of this analysis. The impairment test for trademarks and domain names which are not amortized requires the determination of the fair value of such assets. If the fair value of the trademarks and domain names is less than their carrying value, an impairment loss is recognized in an amount equal to the difference. We cannot predict the occurrence of certain future events that might adversely affect the reported value of goodwill and/or intangible assets. Such events include, but are not limited to, strategic decisions made in response to economic and competitive conditions, the impact of the economic environment on our customer base, or material negative change in relationship with significant customers.

Property and equipment is initially stated at cost. Depreciation on property and equipment is computed using the straight-line method over the estimated useful lives of the property and equipment after consideration of historical

results and anticipated results based on our current plans. Our estimated useful lives represent the period the asset remains in service assuming normal routine maintenance. We review the estimated useful lives assigned to property and equipment when our business experience suggests that they do not properly reflect the consumption of economic benefits embodied in the property and equipment nor result in the appropriate matching of cost against revenue. Factors that lead to such a conclusion may include physical observation of asset usage, examination of realized gains and losses on asset disposals and consideration of market trends such as technological obsolescence or change in market demand.

Significant intangibles, including contract rights, customer relationships, non-compete agreements and technology are amortized using the straight-line method over the estimated useful lives of the intangible asset after consideration of historical results and anticipated results based on our current plans. With respect to contract rights in our airport services business, we take into consideration the history of contract right renewals in determining our assessment of useful life and the corresponding amortization period.

We perform impairment reviews of property and equipment and intangibles subject to amortization, when events or circumstances indicate that assets are less than their carrying amount and the undiscounted cash flows estimated to be generated by those assets are less than the carrying amount of those assets. In this circumstance, the impairment charge is determined based upon the amount of the net book value of the assets exceeds their fair market value. Any impairment is measured by comparing the fair value of the asset to its carrying value.

The implied fair value of reporting units and fair value of property and equipment and intangible assets is determined by our management and is generally based upon future cash flow projections for the acquired assets, discounted to present value. We use outside valuation experts when management considers that it is appropriate to do so.

We test for goodwill and indefinite-lived intangible assets when there is an indicator of impairment. Impairments of goodwill, property, equipment, land and leasehold improvements and intangible assets during 2008 and 2007 relating to our airport services business and airport parking business, respectively, are discussed in Management s Discussion and Analysis of Financial Condition and Results of Operations Results of Operations in Part II, Item 7.

Revenue Recognition

Fuel revenue from our airport services business is recorded when fuel is provided or when services are rendered. Our airport services business also records hangar rental fees, which are recognized during the month for which service is provided.

Our gas production and distribution business recognizes revenue when the services are provided. Sales of gas to customers are billed on a monthly cycle basis. Most revenue is based upon consumption; however, certain revenue is based upon a flat rate.

Our district energy business recognizes revenue from cooling capacity and consumption at the time of performance of service. Cash received from customers for services to be provided in the future are recorded as unearned revenue and recognized over the expected services period on a straight-line basis.

Our airport parking business records parking lot revenue, as services are performed, net of allowances and local taxes. Revenue for services performed, but not collected as of a reporting date, are recorded based upon the estimated value of uncollected parking revenue for customer vehicles at each location. Our airport parking business also offers various

membership programs for which customers pay an annual membership fee. Such revenue is recognized ratably over the one-year life of the membership. Revenue from prepaid parking vouchers that can be redeemed in the future is recognized when such vouchers are redeemed.

Hedging

With respect to our debt facilities, and the expected cash flows from our previously held non-U.S. investments, we entered into a series of interest rate and foreign exchange derivatives to provide an economic hedge of our interest rate and foreign exchange exposure. We originally classified each hedge as a cash flow hedge at inception for accounting purposes. As discussed in Note 10, Derivative Instruments and Hedging Activities, in our consolidated financial statements, in 2006 we determined that none of our derivative instruments qualified for hedge accounting. SFAS No. 133, *Accounting for Derivative Instruments and Certain Hedging Activities*, as amended, requires that all derivative instruments be recorded on the balance sheet at their respective fair values and, for derivatives that do not qualify for hedge accounting, that changes in the fair value of the derivative be recognized in earnings. The determination of fair value of these instruments involves estimates and assumptions and actual value may differ from the fair value reflected in the financial statements. We commenced hedge accounting in January 2007 and have classified each interest rate derivative instrument as a cash flow hedge from this time. Changes in the value of the hedges, to the extent effective, will be recorded in other comprehensive income (loss). Changes in the value that represent the ineffective portion of the hedge will be recorded in earnings as a gain or loss. We did not have any foreign exchange derivatives at December 31, 2008.

Income Taxes

We account for income taxes using the asset and liability method of accounting. Under this method, deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax basis and for operating loss and tax credit carry forwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled.

Accounting Policies, Accounting Changes and Future Application of Accounting Standards

See Note 2 to Consolidated Financial Statements for a summary of the Company s significant accounting policies, including a discussion of recently adopted and issued accounting pronouncements.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

The discussion that follows describes our exposure to market risks and the use of derivatives to address those risks. See Critical Accounting Estimates Hedging for a discussion of the related accounting.

Interest Rate Risk

We are exposed to interest rate risk in relation to the borrowings of our businesses. Our current policy is to enter into derivative financial instruments to fix variable rate interest payments covering at least half of the

interest rate risk associated with the borrowings of our businesses, subject to the requirements of our lenders. As of December 31, 2008, we have total debt outstanding at our consolidated businesses of $1.5 billion, most of which incurs interest at floating rates, with only $6.3 million incurring a fixed rate of interest. Of the amount incurring interest at floating rates, $1.4 billion is hedged with interest rate swaps and $117.8 million is unhedged.

MIC Inc.

As of December 31, 2008, the outstanding balance on the MIC Inc. revolving credit facility was $69.0 million. A 1% increase in the interest rate on the MIC Inc. revolving credit facility would result in a $690,000 increase in the interest cost per year. A corresponding 1% decrease would result in a $690,000 decrease in interest cost per year.

Airport Services Business

As of December 31, 2008, the outstanding balance of the floating rate senior debt for our airport services business is $939.8 million. The senior debt of our airport service business is non-amortizing through October 2012. A 1% increase in the interest rate on the airport services business debt would result in a $9.4 million increase in the interest cost per year. A corresponding 1% decrease would result in a $9.4 million decrease in interest cost per year.

The exposure of the $900.0 million term loan portion of the senior debt to interest rate changes has been 100% hedged until October 2012 through the use of interest rate swaps. These hedging arrangements will offset any additional interest rate expense incurred as a result of increases in interest rates during that period. However, if interest rates decrease, the value of our hedge instruments will also decrease. A 10% relative decrease in interest rates would result in a decrease in the fair market value of the hedge instruments of $6.5 million. A corresponding 10% relative increase would result in a $6.5 million increase in the fair market value.

Bulk Liquid Storage Terminal Business

IMTT, at December 31, 2008, had two issues of New Jersey Economic Development Authority tax exempt revenue bonds outstanding with a total balance of $36.3 million where the interest rate is reset daily by tender. A 1% increase in interest rates on this tax exempt debt would result in a $363,000 increase in interest cost per year and a corresponding 1% decrease would result in a $363,000 decrease in interest cost per year. IMTT s exposure to interest rate changes through this tax exempt debt has been hedged from October 2007 through November 2012 through the use of a $36.3 million face value 67% of LIBOR swap. As this interest rate swap is fixed against 67% of 30-day LIBOR and not the daily tax exempt tender rate, it does not result in a perfect hedge for short-term rates on tax exempt debt although it will largely offset any additional interest rate expense incurred as a result of increases in interest rates. If interest rates decrease, the fair market value of this interest rate swap will also decrease. A 10% relative decrease in interest rates would result in a decrease in the fair market value of the interest rate swap of $168,000 and a corresponding 10% relative increase would result in a $169,000 increase in the fair market value.

IMTT, at December 31, 2008, had a $78.0 million floating rate term loan outstanding. A 1% increase in interest rates on the term loan would result in a $780,000 increase in interest cost per year. A corresponding 1% decrease would result in a $780,000 decrease in interest cost per year. IMTT s exposure to interest rate changes through the term loan has been fully hedged through the use of an amortizing interest rate swap. These hedging arrangements will fully offset any additional interest rate expense incurred as a result of increases in interest rates. However, if interest rates decrease, the fair market value of the interest rate swap will also decrease. A 10% relative decrease in interest rates would result in a decrease in the fair market value of the interest rate swap of $441,000. A corresponding 10% relative increase in interest rates would result in a $439,000 increase in the fair market value of the interest rate swap.

IMTT, at December 31, 2008 had issued $215.0 million in Gulf Opportunity Zone Bonds (GO Zone Bonds) to fund qualified project costs at its St. Rose and Geismar storage facilities. The interest rate on the GO Zone Bonds is reset daily or weekly at IMTT s option by tender. A 1% increase in interest rates on the outstanding GO Zone Bonds would result in a $2.2 million increase in interest cost per year and a corresponding 1% decrease would result in a $2.2 million decrease in interest cost per year. IMTT s exposure

108

TABLE OF CONTENTS

to interest rate changes through the GO Zone Bonds has been largely hedged until June 2017 through the use of an interest rate swap which has a notional value that increases to $215.0 million on January 1, 2009. As the interest rate swap is fixed against 67% of the 30-day LIBOR rate and not the tax exempt tender rate, it does not result in a perfect hedge for short-term rates on tax exempt debt although it will largely offset any additional interest rate expense incurred as a result of increases in interest rates. If interest rates decrease, the fair market value of the interest rate swap will also decrease. A 10% relative decrease in interest rates would result in a decrease in the fair market value of the interest rate swap of $420,000 and a corresponding 10% relative increase would result in a $425,000 increase in the fair market value.

On December 31, 2008, IMTT had a total outstanding balance of $221.0 million under its U.S. revolving credit facility. A 1% increase in interest rates on this debt would result in a $2.2 million increase in interest cost per year and a corresponding 1% decrease would result in a $2.2 million decrease in interest cost per year. IMTT s exposure to interest rate changes on its U.S. revolving credit facility has been partially hedged against 90-day LIBOR from October 2007 through March 2017 through the use of an interest rate swap which has a notional value of $90.0 million as at December 31, 2008 which increases to $200.0 million through December 31, 2012. If interest rates decrease, the fair market value of the interest rate swap will also decrease. A 10% relative decrease in interest rates would result in a decrease in the fair market value of the interest rate swap of $3.4 million and a corresponding 10% relative increase would result in a $3.3 million increase in the fair market value.

On December 31, 2008, IMTT had a total outstanding balance of $20.2 million under its Canadian revolving credit facility. A 1% increase in interest rates on this debt would result in a $202,000 increase in interest cost per year and a corresponding 1% decrease would result in a $202,000 decrease in interest cost per year.

Gas Production and Distribution Business

The senior term-debt for TGC and HGC comprise two non-amortizing term facilities totaling $160.0 million and a senior secured revolving credit facility totaling $20.0 million. At December 31, 2008, the entire $160.0 million in term debt and $9.0 million of the revolving credit line had been drawn. These variable rate facilities mature on June 7, 2013.

A 1% increase in the interest rate on TGC and HGC's term debt would result in a $1.6 million increase in interest cost per year. A corresponding 1% decrease would result in a $1.6 million decrease in annual interest cost. TGC and HGC's exposure to interest rate changes has, however, been fully hedged from September 1, 2006 until maturity through interest rate swaps. These derivative hedging arrangements will offset any interest rate increases or decreases during the term of the notes, resulting in stable interest rates of 5.24% for TGC (rising to 5.34% in years 6 and 7 of the facility) and 5.44% for HGC (rising to 5.54% in years 6 and 7 of the facility). TGC's and HGC's swaps were entered into on August 17 and 18, 2005, but became effective on August 31, 2006. A 10% relative decrease in market interest rates from December 31, 2008 levels would decrease the fair market value of the hedge instruments by $1.5 million. A corresponding 10% relative increase would increase their fair market value by $1.5 million.

District Energy Business

The senior debt for our district energy business comprises a $150.0 million floating rate facility maturing in 2014. A 1% increase in the interest rate on the $150.0 million district energy business debt would result in a $1.5 million increase in the interest cost per year. A corresponding 1% decrease would result in a $1.5 million decrease in interest cost per year.