

Macquarie Infrastructure CO LLC

Form DEF 14A

April 14, 2008

**Table of Contents**

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

**SCHEDULE 14A**

**PROXY STATEMENT PURSUANT TO SECTION 14(a) OF THE  
SECURITIES EXCHANGE ACT OF 1934  
(Amendment No.    )**

Filed by the Registrant

Filed by a party other than the Registrant

Check the appropriate box:

- Preliminary proxy statement
- Confidential, for use of the Commission only (as permitted by Rule 14a-6(e)(2))
- Definitive proxy statement
- Definitive additional materials
- Soliciting material pursuant to § 240.14a-11(c) of § 240.14a-12

**MACQUARIE INFRASTRUCTURE COMPANY LLC**  
(Name of Registrant as Specified in its Charter)

N/A

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

Edgar Filing: Macquarie Infrastructure CO LLC - Form DEF 14A

- o Fee paid previously with preliminary materials.
  - o Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.
    - (1) Amount Previously Paid:
    - (2) Form, Schedule or Registration Statement No.:
    - (3) Filing Party:
    - (4) Date Filed:
-

**Table of Contents**

**Macquarie Infrastructure Company LLC**

**April 14, 2008**

Dear Shareholder:

You are cordially invited to attend our Annual Meeting of Shareholders, which will be held on Tuesday, May 27, 2008 at 11:00 a.m., at the Sheraton New York Hotel & Towers, 811 7th Avenue, New York, New York, 10019.

The following pages contain the formal Notice of the Annual Meeting and our proxy statement. The proxy statement contains important information about the Annual Meeting, the proposals we will consider and how you can vote your LLC interests. Please review this material for information concerning the business to be conducted at the meeting and the nominees for election as directors.

Your vote is very important to us. Whether or not you plan to attend the Annual Meeting, we encourage you to promptly vote and submit your proxy by telephone or by Internet or by completing, signing, dating and returning the enclosed proxy card. This will help us ensure that your vote is represented at the Annual Meeting.

On behalf of the board of directors and the management of Macquarie Infrastructure Company, I extend our appreciation for your investment in Macquarie Infrastructure Company.

Sincerely,

John Roberts  
*Chairman of the Board of Directors*

---

**Table of Contents**

**Macquarie Infrastructure Company LLC**

**April 14, 2008**

**NOTICE OF 2008 ANNUAL MEETING OF SHAREHOLDERS  
To Be Held On Tuesday, May 27, 2008**

Macquarie Infrastructure Company's 2008 Annual Meeting of Shareholders will be held on Tuesday, May 27, 2008 at 11:00 a.m., at the Sheraton New York Hotel & Towers, 811 7th Avenue, New York, New York, 10019. At the Annual Meeting, we will discuss, and you will vote on, the following proposals:

the election of independent directors to our board of directors to serve for a one-year term; and

the ratification of the selection of KPMG LLP as our independent auditor for the fiscal year ending December 31, 2008.

These matters are more fully described in the enclosed proxy statement. The board of directors recommends that you vote FOR the election of directors and the ratification of the independent auditor.

Only shareholders of record at the close of business on April 7, 2008 will be entitled to notice of, and to vote at, the Annual Meeting and at any subsequent adjournments or postponements. The share register will not be closed between the record date and the date of the Annual Meeting. A list of shareholders entitled to vote at the Annual Meeting is available for inspection at our principal executive offices at 125 West 55th Street, New York, New York 10019.

You will be required to bring certain documents with you to be admitted to the Annual Meeting. Please read carefully the sections in the proxy statement on attending and voting at the Annual Meeting to ensure that you comply with these requirements.

**Important Notice Regarding the Availability of Proxy Materials for the  
Shareholder Meeting to be Held on May 27, 2008:**

**The proxy statement and our 2007 annual report are available on our web site at  
[www.macquarie.com/mic](http://www.macquarie.com/mic) under Investor Center/Reports and Presentations**

Sincerely,

Heidi Mortensen  
*General Counsel and Secretary*

---

**Table of Contents**

**TABLE OF CONTENTS**

	<b>Page</b>
<b><u>VOTING INSTRUCTION AND INFORMATION</u></b>	1
<u>Purpose of Meeting</u>	1
<u>Internet and Electronic Availability of Proxy Materials</u>	1
<u>Procedure for Attending and Voting at the Annual Meeting</u>	1
<u>Voting by Proxy</u>	2
<u>Revocation of Proxy</u>	2
<u>Approval of Proposals and Solicitation</u>	3
<u>Delivery of Documents to Shareholders Sharing an Address</u>	4
<b><u>PROPOSAL 1: ELECTION OF DIRECTORS</u></b>	4
<u>Board Composition and Independence</u>	4
<u>Election of Directors</u>	4
<u>Recommendation of the Board</u>	5
<b><u>PROPOSAL 2: RATIFICATION OF SELECTION OF INDEPENDENT AUDITOR</u></b>	6
<u>General</u>	6
<u>Fees</u>	6
<u>Pre-Approval Policies and Procedures</u>	6
<u>Recommendation of the Board</u>	7
<b><u>BOARD OF DIRECTORS AND EXECUTIVE OFFICERS</u></b>	7
<u>Certain Information Regarding our Directors and Executive Officers</u>	7
<u>Executive Officers</u>	7
<u>Board Meetings and Committees</u>	7
<u>Compensation Committee Interlocks and Insider Participation</u>	9
<u>Executive Sessions of our Board</u>	9
<u>Minimum Shareholding Guidelines</u>	10
<u>Nominations of Directors</u>	10
<u>Shareholder Nominations of Directors</u>	11
<b><u>DIRECTOR COMPENSATION</u></b>	12
<u>Independent Director Fees</u>	12
<u>Independent Directors Equity Plan</u>	12
<b><u>COMPENSATION DISCUSSION AND ANALYSIS</u></b>	13
<u>General</u>	13
<u>Objectives of Macquarie's Compensation Program</u>	14
<u>Responsibility for Macquarie's Compensation Program</u>	15
<u>Elements of Macquarie's Compensation Program</u>	15
<u>Minimum Shareholding Guidelines</u>	18
<u>Post-Termination Compensation and Benefits</u>	18
<b><u>EXECUTIVE COMPENSATION</u></b>	19
<u>Summary Compensation Table</u>	19
<u>2007 Grants of Plan-Based Awards</u>	20
<u>Outstanding Equity Awards at 2007 Fiscal Year-End</u>	21
<u>2007 Option Exercises</u>	22
<u>Nonqualified Deferred Compensation</u>	22
<u>Potential Payments on Termination or Change in Control</u>	23



**Table of Contents**

	<b>Page</b>
<u>SHARE OWNERSHIP OF DIRECTORS, EXECUTIVE OFFICERS AND PRINCIPAL SHAREHOLDERS</u>	27
<u>AUDIT COMMITTEE REPORT</u>	29
<u>COMPENSATION COMMITTEE REPORT</u>	30
<u>CORPORATE GOVERNANCE</u>	31
<u>Corporate Governance Guidelines and Code of Ethics and Conduct</u>	31
<u>Communications with our Board</u>	31
<u>CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS</u>	32
<u>Related Party Transactions Policies</u>	32
<u>Our Relationship with the Macquarie Group</u>	32
<u>Contractual Arrangements with our Manager</u>	32
<u>Advisory Services from the Macquarie Group</u>	35
<u>Long-Term Debt</u>	36
<u>Derivative Instruments and Hedging Activities</u>	36
<u>SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE</u>	37
<u>SHAREHOLDER PROPOSALS FOR THE 2009 ANNUAL MEETING OF SHAREHOLDERS</u>	37
<u>UNITED STATES SECURITIES AND EXCHANGE COMMISSION REPORTS</u>	37
<u>OTHER MATTERS</u>	37

**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.**

On June 25, 2007, all of the outstanding shares of trust stock issued by Macquarie Infrastructure Company Trust, or the trust, were exchanged for an equal number of limited liability company interests in Macquarie Infrastructure Company LLC, and the trust was dissolved. Prior to this exchange of trust stock for limited liability company interests and the dissolution of the trust, all limited liability company interests in the company were held by the trust. Except where the context indicates otherwise, Macquarie Infrastructure Company, we, us, and our refer to Macquarie Infrastructure Company LLC, or the company, following the dissolution of the trust and to both Macquarie Infrastructure Company LLC and Macquarie Infrastructure Company Trust prior to that time. References to shareholders refer to holders of limited liability company interests, or LLC interests, of Macquarie Infrastructure Company LLC following the dissolution of the trust and to holders of shares of trust stock of Macquarie Infrastructure Company Trust prior to that time.

Macquarie Group or Macquarie refers to the Macquarie Group of companies, which comprises Macquarie Group Limited and its worldwide subsidiaries and affiliates, including our Manager, Macquarie Infrastructure Management (USA) Inc.



**Table of Contents**

**MACQUARIE INFRASTRUCTURE COMPANY LLC  
125 West 55th Street  
New York, New York 10019**

**PROXY STATEMENT  
FOR  
ANNUAL MEETING OF SHAREHOLDERS**

**VOTING INSTRUCTION AND INFORMATION**

This Proxy Statement is furnished in connection with the solicitation of proxies by the board of directors of Macquarie Infrastructure Company LLC, a Delaware limited liability company, for the Annual Meeting of Shareholders of Macquarie Infrastructure Company LLC to be held on Tuesday, May 27, 2008 at 11:00 a.m., at the Sheraton New York Hotel & Towers, 811 7th Avenue, New York, New York, 10019 and for any adjournments or postponements of the 2008 Annual Meeting of Shareholders. The notice of Annual Meeting, proxy statement and proxy are first being distributed to shareholders on or about April 14, 2008.

**Purpose of Meeting**

As described in more detail in this proxy statement, shareholders will vote on the following proposals at the Annual Meeting:

the election of independent directors to our board of directors to serve for a one-year term; and

the ratification of the selection of KPMG LLP as our independent auditor for the fiscal year ending December 31, 2008.

**Internet and Electronic Availability of Proxy Materials**

As permitted by the Securities and Exchange Commission, or the SEC, we are sending a Notice of Internet Availability of Proxy Materials, or the Notice, to shareholders who hold LLC interests in street name through a bank, broker or other holder of record. All such shareholders will have the ability to access this proxy statement and our 2007 annual report on a website referred to in the Notice or to request a printed set of these materials at no charge. Instructions on how to access these materials over the Internet or to request a printed copy may be found in the Notice.

We first made available the proxy solicitation materials at <http://ww3.ics.adp.com/streetlink/MIC> on or around April 14, 2008 to all shareholders entitled to vote at the annual meeting. Our 2007 annual report was made available at the same time and by the same methods.

Any beneficial owner may request to receive proxy materials in printed form by mail or electronically by email on an ongoing basis. If you hold your LLC interests through a bank, broker or another financial institution, refer to the information provided by that entity for instructions on how to elect this option. Choosing to receive future proxy materials by email will save the company the cost of printing and mailing documents to shareholders and will reduce the impact of annual meetings on the environment. A shareholder's election to receive proxy materials by mail or email will remain in effect until the shareholder terminates it.

**Procedure for Attending and Voting at the Annual Meeting**

## Edgar Filing: Macquarie Infrastructure CO LLC - Form DEF 14A

All shareholders must bring an acceptable form of government-issued identification, such as a driver's license, in order to attend our Annual Meeting in person. If you hold LLC interests in street name and would like to attend our Annual Meeting, you will also need to bring an account statement or other acceptable evidence of ownership of LLC interests as of the close of business on April 7, 2008, the record date for our Annual Meeting or a valid legal proxy, which you can obtain from your broker, bank or other financial institution through which you hold your LLC interests. If you are voting on behalf of another person, including a legal entity, in addition to the above, we must also have received by 5:00 p.m. (EDT) on May 23, 2008 a duly executed proxy from the shareholder of record or beneficial owner appointing you as proxy.

---

## **Table of Contents**

### **Voting by Proxy**

In addition to voting in person, as described above, shareholders of record can vote by proxy by properly completing, signing, dating and returning the enclosed proxy card. If you are a beneficial owner who holds LLC interests in street name, you can vote by proxy in any of the following ways:

**By Internet.** The web address for Internet voting can be found on the enclosed proxy card. Internet voting is available 24 hours a day.

**By Telephone.** The number for telephone voting can be found on the enclosed proxy card. Telephone voting is available 24 hours a day.

**By Mail.** Complete, sign, date and return the proxy card supplied by your broker, bank or other financial institution through which you hold your LLC interests.

**PLEASE SUBMIT YOUR VOTE BY PROXY NO LATER THAN 5:00 P.M. (EDT) ON MAY 23, 2008. IF WE DO NOT RECEIVE YOUR PROXY BY THAT TIME, YOUR PROXY WILL NOT BE VALID. IN THIS CASE, UNLESS YOU ATTEND THE ANNUAL MEETING, YOUR VOTE WILL NOT BE REPRESENTED.**

The Internet and telephone voting procedures are designed to authenticate shareholders' identities, to allow shareholders to give their voting instructions and to confirm that shareholders' instructions have been recorded properly. We have been advised that the Internet and telephone voting procedures that have been made available to you are consistent with the requirements of applicable law. Shareholders voting by Internet or telephone should understand that, while neither we nor any third party proxy services provider charge fees for voting by Internet or telephone, there may nevertheless be costs, such as usage charges from Internet access providers and telephone companies, which must be borne by the shareholder.

Your proxy will be voted as you direct in your proxy. Proxies returned without voting directions, and without specifying a proxy to attend the Annual Meeting and vote on your behalf, will be voted in accordance with the recommendations of our board. Our board recommends:

a vote FOR each of the three nominees for independent director to serve for a one-year term (Proposal 1); and

a vote FOR the ratification of the selection of KPMG LLP as the company's independent auditor for the fiscal year ending December 31, 2008 (Proposal 2).

If any other matter properly comes before the Annual Meeting, your proxies will vote on that matter in their discretion.

### **Revocation of Proxy**

You may revoke or change your proxy before the Annual Meeting by:

subsequently executing and mailing a new proxy card that is received on a later date and no later than the deadline specified on the proxy card;

Edgar Filing: Macquarie Infrastructure CO LLC - Form DEF 14A

if you are a beneficial owner, subsequently submitting a new proxy by Internet or telephone that is received by the deadline specified on the proxy card;

giving written notice of revocation to the attention of Heidi Mortensen, General Counsel and Secretary, Macquarie Infrastructure Company LLC, 125 West 55th Street, New York, New York 10019, that is received no later than 5:00 p.m. (EDT) on May 23, 2008; or

voting in person at our Annual Meeting.

If you need an additional proxy card and are a record holder, contact Heidi Mortensen, our General Counsel, at 212-231-1820; if you are a beneficial owner, contact your bank, broker or other financial institution through which you hold LLC interests.

## Table of Contents

### **Approval of Proposals and Solicitation**

Each shareholder who owned LLC interests on April 7, 2008, the record date for the determination of shareholders entitled to vote at the Annual Meeting, is entitled to one vote for each LLC interest. On April 7, 2008, we had 44,938,380 LLC interests issued and outstanding that were held by approximately 46,000 beneficial holders.

#### *Quorum*

Under the third amended and restated operating agreement of the company, which we refer to as the LLC agreement, the shareholders present in person or by proxy holding a majority of the outstanding LLC interests entitled to vote shall constitute a quorum at a meeting of shareholders of Macquarie Infrastructure Company LLC. Holders of LLC interests are the only shareholders entitled to vote at the Annual Meeting. LLC interests represented by proxies that are marked *abstain* or that are represented by broker non-votes will be counted as present for purposes of determining the presence of a quorum. A broker non-vote occurs when the broker holding LLC interests for a beneficial owner does not vote on a particular proposal because the broker does not have discretionary voting power to vote on that proposal without specific voting instructions from the beneficial owner. Both proposals described in this proxy are discretionary items.

If the persons present or represented by proxies at the Annual Meeting do not constitute a majority of the holders of outstanding LLC interests entitled to vote as of the record date, we will postpone the Annual Meeting to a later date.

#### *Approval of Proposals*

**Election of Directors.** For the election of directors (Proposal 1), the affirmative vote of at least a plurality of the votes cast on such proposal is required. The LLC agreement provides that shareholders are entitled, at the annual meeting of shareholders of the company, to vote for the election of all of the directors other than the director, and alternate therefor, appointed by our Manager. You may vote FOR or AGAINST any or all director nominees or you may ABSTAIN as to one or more director nominees. An abstention will not be counted as a vote cast. A broker non-vote would also not be counted as a vote cast.

**Ratification of the Appointment of the Independent Auditor.** For the ratification of the independent auditor (Proposal 2), the affirmative vote of at least a majority of the votes cast on such proposal is required. An abstention will not be counted as a vote cast. A broker non-vote would also not be counted as a vote cast.

**Other Matters.** Any other proposal that properly comes before the Annual Meeting must be approved by the affirmative vote of at least a majority of the votes cast.

Proposals 1 and 2 are both *discretionary* items. NYSE member brokers that do not receive instructions from beneficial owners may vote your LLC interests in their discretion. We currently do not have any proposals that are *non-discretionary* items. In the case of non-discretionary items, member brokers may not vote on the proposal without specific voting instructions from beneficial owners, resulting in a broker non-vote.

All votes will be tabulated by The Bank of New York, the proxy tabulator and inspector of election appointed for the Annual Meeting. The Bank of New York will separately tabulate affirmative and negative votes, abstentions and broker non-votes.

#### *Solicitation of Proxies*

We will bear the cost of the solicitation of proxies, including the preparation, printing and mailing of this proxy statement and the proxy card. We have retained D.F. King & Co. to distribute copies of these proxy materials to banks, brokers, fiduciaries and custodians, or their agents, holding LLC interests in their names on behalf of beneficial owners so that they may forward these proxy materials to our beneficial owners who request them. D.F. King & Co. will receive a fee of approximately \$5,000 for these services.

## **Table of Contents**

We may supplement the original solicitation of proxies by mail with solicitation by telephone, electronic and other means by directors, officers and/or employees of our Manager or of other members of the Macquarie Group. We will not pay any additional compensation to these individuals for any such services.

### **Delivery of Documents to Shareholders Sharing an Address**

If you are the beneficial owner, but not the record holder, of LLC interests, the broker, bank or other financial institution through which you hold your LLC interests may only deliver one copy of this proxy statement and our 2007 annual report to multiple shareholders who share an address unless that nominee has received contrary instructions from one or more of the shareholders. We will deliver promptly, upon written or oral request to a shareholder at a shared address to which a single copy of the documents was delivered. A shareholder who wishes to receive a separate copy of the proxy statement and annual report, now or in the future, should submit this request by writing to Macquarie Infrastructure Company LLC, Attn: Investor Relations 125 West 55th Street, New York, NY 10019, or by calling 212-231-1825. If you are a beneficial owner and would like to receive a separate copy of this proxy statement and our 2007 annual report, please contact the broker, bank or other financial institution through which you hold your LLC interests. Beneficial owners sharing an address who are receiving multiple copies of proxy materials and annual reports and who wish to receive a single copy of such materials in the future will also need to contact their broker, bank or other financial institution to request that only a single copy of each document be mailed to all shareholders at the shared address in the future.

## **PROPOSAL 1:**

### **ELECTION OF DIRECTORS**

#### **Board Composition and Independence**

Our board of directors, which we sometimes refer to as our board, consists of four directors, three of which are elected by shareholders of the company. The remaining director and our chairman, who is currently John Roberts, is appointed by our Manager under the terms of our management services agreement. Stephen Mentzines was appointed as an alternate chairman by our Manager under the terms of the management services agreement. The three directors elected by shareholders are elected for a one-year term. Norman Brown, George Carmany and William Webb were previously elected as directors by our shareholders at our 2007 Annual Meeting. Their terms expire at this Annual Meeting. The board is composed of a majority of independent directors. In accordance with the listing standards of the New York Stock Exchange (NYSE), to be considered independent, the board must affirmatively determine that a director has no material relationship with the company, either directly or as a partner, shareholder or officer of an organization that has a relationship with the company, and that the director meets other NYSE independence standards. The board specifically considered that one or more of the independent directors may from time to time use the services of our airport parking business at rates generally available to the public. In addition, Mr. Webb maintains a private banking relationship with Macquarie Bank Limited, or MBL, an affiliate of our Manager, in an amount that is immaterial to MBL. The board has determined that these relationships are immaterial to a determination of director independence. As a result, the board has determined that each director other than Mr. Roberts, and Mr. Mentzines, as Mr. Roberts' alternate, is independent under the NYSE standards.

#### **Election of Directors**

Directors will be elected at this Annual Meeting and will serve a term that expires at our 2009 Annual Meeting. Each of Messrs. Brown, Carmany and Webb has been nominated for re-election.

The following paragraphs set forth information about the business experience and education of our directors and our alternate chairman. The three nominees for election at the Annual Meeting are listed first.

**Norman H. Brown, Jr.** has served as a director of the company since December 2004. He currently serves as a Member and Senior Managing Director of Brock Capital Group LLC, which provides investment banking services for early stage and middle market companies, a position he has held since December 2003. Mr. Brown's previous experience comprises over 30 years of experience in the investment banking business. During 2002 and 2003,



**Table of Contents**

Mr. Brown attended to private investments. From December 2000 to December 2001, he was Managing Director and Senior Advisor for Credit Suisse First Boston in the Global Industrial & Services Group with new business development responsibility for Latin America. During Mr. Brown's 15 years at Donaldson, Lufkin & Jenrette Securities Corporation, from June 1985 to December 2000, he was a member of the Mergers & Acquisitions Group, established and headed the Restructuring Group, and headed the Global Metals & Mining Group. Mr. Brown is currently an independent director for W.P. Stewart & Co. Growth Fund, Inc. and chairman of its audit committee.

**George W. Carmany, III** has served as a director of the company since December 2004. Since 1995 he has served as President of G.W. Carmany and Co., Inc., which advises developing companies in the life sciences and financial services industries. Mr. Carmany is a Director of SunLife Financial, Inc. and Senior Advisor to EnGeneIC Pty Ltd. and Brown Brothers Harriman & Co. From 1999 to 2001 he served as Chairman and Chief Executive of Helicon Therapeutics and continued to serve as Chairman of Helicon Therapeutics through August 2005. From 1996 to 1997, he also served as Chairman of the New England Medical Center Hospitals. Mr. Carmany's previous experience includes over 20 years at the American Express Company, where he held senior positions in its international banking, corporate, and asset management divisions, and nine years at Bankers Trust Company.

**William H. Webb** has served as a director of the company since December 2004. He has served as a member of the board of directors of Pernod Ricard S.A. since May 2003. Mr. Webb's previous experience includes over 35 years in managing businesses of the Philip Morris group (now comprising Altria Group, Inc., Philip Morris International Inc. and Kraft Foods Inc. following the spin-off of Kraft Foods and Philip Morris International from the Altria Group) around the world. Mr. Webb was Chief Operating Officer for Philip Morris Companies Inc. in New York between May 1997 and August 2002. He also served as Vice Chairman of the board of directors of Philip Morris from August 2001 to August 2002. Mr. Webb has been a consultant to the Altria Group since his retirement from Philip Morris in August 2002.

**John Roberts** has been a director of the company since April 2004 and the chairman of the board of directors since December 2004. Mr. Roberts joined the Macquarie Group in Sydney in 1991. In 2003, Mr. Roberts became the Global Head of Macquarie Group's Capital Funds ( MacCap Funds ) group and in March 2005 became Joint Head of Macquarie Group's Capital Advisors division and directly responsible for the MacCap Funds group. Mr. Roberts is currently a director, alternate director or on the investment committee of the following Macquarie Group managed vehicles: Macquarie Infrastructure Group; Macquarie Airports; Macquarie Communications Infrastructure Group; Macquarie Specialised Asset Management; DUET Group; Macquarie Media Group; Macquarie Infrastructure Partners; Macquarie Essential Assets Partnership; Macquarie European Infrastructure Fund I and II; Macquarie Capital Alliance Group; Macquarie International Infrastructure Fund Limited; Macquarie Korean Infrastructure Fund; Macquarie Korean Opportunities Fund and Retirement Villages Group.

**Stephen Mentzines** has served as alternate chairman of the company since November 2007. Mr. Mentzines joined the Macquarie Group in 1998 and has been working in the Macquarie Capital Advisors group since that time, with broad-ranging business management and operations responsibility. He spent the first three years with Macquarie Capital Advisors principally involved in corporate leasing and lending and, from 2001 to November 2007, he worked within the MacCap Funds group as its Chief Operating Officer. As Global Chief Operating Officer of the MacCap Funds group, Mr. Mentzines had responsibility for new funds development, capital raisings and management, operations, finance, legal, compliance, tax, structuring, investor relations, communications and public affairs activities. Under his leadership the business created a sophisticated operating framework that manages legal, financial and public reputation risk to ensure ongoing high quality returns for investors. Since November 2007, Mr. Mentzines has been the Head of the North American MacCap Funds business which manages five managed vehicles and over 30 businesses. Mr. Mentzines is currently a director of the Macquarie Power & Infrastructure Income Fund and serves on the investment committees for three of the Macquarie Group's North American unlisted managed vehicles.

**Recommendation of the Board**

Our board recommends that you vote FOR the election of each of Messrs. Brown, Carmany and Webb to our board as directors for a term ending at our 2009 Annual Meeting. An affirmative vote of at least a plurality of the votes cast on Proposal 1 is required for these elections.

**Table of Contents****PROPOSAL 2:****RATIFICATION OF SELECTION OF INDEPENDENT AUDITOR****General**

Our board has recommended and asks that you ratify the selection of KPMG LLP as our independent auditor for the company for the fiscal year ending December 31, 2008. You would be so acting based on the recommendation of our audit committee.

KPMG LLP was engaged by us following our initial public offering in December 2004 to audit our annual financial statements for the 2004 fiscal year and was appointed by our audit committee and ratified by shareholders to audit our annual financial statements for the 2005, 2006 and 2007 fiscal years. Based on its past performance during these audits, the audit committee of the board has selected KPMG LLP as our independent auditor to perform the audit of our financial statements and our internal control over financial reporting for 2008. KPMG LLP is a registered public accounting firm.

The affirmative vote of a majority of the votes cast on the proposal is required to ratify the appointment of KPMG LLP. If you do not ratify the selection of KPMG LLP, our board will reconsider its selection of KPMG LLP and may, but is not required to, make a new proposal for an independent auditor.

Representatives of KPMG LLP are expected to be present at the Annual Meeting, will have the opportunity to make a statement if they desire to do so and will be available to respond to questions.

**Fees**

The chart below sets forth the total amount paid or payable by us to KPMG LLP in connection with the audit of our consolidated financial statements for the years indicated below and the total amounts billed to us by KPMG LLP for other services performed in those years, breaking down these amounts by category of service:

	<b>2007</b>	<b>2006</b>
Audit Fees(1)	\$ 3,050,000	\$ 3,020,000
Audit-Related Fees(2)	\$ 400,100	\$ 492,500
Tax Fees(3)	\$ 18,575	\$ 41,304
All Other Fees		
<b>Total</b>	<b>\$ 3,468,675</b>	<b>\$ 3,553,804</b>

(1) Audit Fees are fees paid to KPMG LLP for professional services for the audit of our consolidated financial statements included in our annual reports on Form 10-K and the audit of our internal control over financial reporting as well as the review of financial statements included in our quarterly reports on Form 10-Q.

(2)

Audit-Related Fees are fees billed by KPMG LLP for assurance and related services that are reasonably related to the performance of the audit or review of our financial statements, including in connection with our registration statements and attestation reports on fees paid to our Manager and in connection with our operating businesses. The amounts do not include fees related to the audit of IMTT, our 50% equity investment. These fees were \$505,200 in 2006 and are expected to be approximately \$310,000 for 2007.

- (3) Tax Fees represent IRS audit support services. The amounts do not include fees of \$212,138 related to tax services provided to IMTT in 2006 that were paid in 2006 and 2007.

### **Pre-Approval Policies and Procedures**

The audit committee has established policies and procedures for its appraisal and approval of audit and non-audit services. The audit committee has also delegated to the chairman of the committee the authority to approve additional audit and non-audit service of KMPG LLP and any additional accounting firms. The delegation is limited to an aggregate of \$50,000 in fees at any one time outstanding and not ratified by the audit committee, and confirmation of compliance with independence standards. The audit committee or its chairman has pre-approved all

**Table of Contents**

of the services provided by KPMG LLP since its engagement. All other audit-related, tax and other fees may be approved by the audit committee prospectively.

In making its recommendation to ratify the selection of KPMG LLP as our independent auditor for the fiscal year ending December 31, 2008, the audit committee has considered whether the services provided by KPMG LLP are compatible with maintaining the independence of KPMG LLP and has determined that such services do not interfere with KPMG LLP's independence.

**Recommendation of the Board**

Our board recommends that, based on the recommendation of the audit committee, you vote **FOR** the ratification of the selection of KPMG LLP to serve as our independent auditor for the company for the fiscal year ending December 31, 2008.

**BOARD OF DIRECTORS AND EXECUTIVE OFFICERS****Certain Information Regarding our Directors and Executive Officers**

The name and age of each director, including the alternate chairman, and each executive officer and the positions held by each of them as of March 31, 2008 are as follows:

<b>Director</b>	<b>Age</b>	<b>Serving as Officer, Director or Alternate Since</b>	<b>Position</b>
John Roberts	49	April 2004	Chairman/Director
Norman H. Brown, Jr.	61	December 2004	Director
George W. Carmany, III	68	December 2004	Director
William H. Webb	68	December 2004	Director
Stephen Mentzines	48	November 2007	Alternate Chairman
Peter Stokes	41	April 2004	Chief Executive Officer
Francis T. Joyce	54	November 2006	Chief Financial Officer

**Executive Officers**

**Peter Stokes** was appointed chief executive officer of the company in April 2004. Mr. Stokes is seconded to the company as chief executive officer by our Manager under the terms of our management services agreement. He joined the Macquarie Group in 1991 and has worked in various asset finance roles in the Sydney and New York offices. Prior to being seconded to the company, Mr. Stokes was seconded to work in 1997 for Macquarie Capital (USA) Inc. (formerly Macquarie Securities (USA) Inc.), a NASD-registered broker-dealer, where he was responsible for transaction execution and equity syndication within its asset finance practice, and from 2002 to 2003 served as co-global head of its asset finance practice.

**Francis T. Joyce** was appointed chief financial officer of the company in November 2006. Mr. Joyce is seconded to the company as chief financial officer by our Manager under the terms of our management services agreement. Mr. Joyce joined the Macquarie Group in September 2006 and holds the position of Division Director of Macquarie Holdings (USA) Inc. Prior to joining the Macquarie Group and since 2001, Mr. Joyce has served as Chief Financial Officer of IMAX Corporation. From 1998 to 2001, he served as Chief Financial Officer and Treasurer of

TheGlobe.com. Mr. Joyce has worked in various financial roles for numerous corporations, including 12 years experience as a Chief Financial Officer of which eight years were as Chief Financial Officer of U.S. public companies.

### **Board Meetings and Committees**

Our board has met 17 times in total in 2007. All independent directors attended at least 75% of the combined board and committee meetings on which they served in 2007. Mr. Roberts, or the alternate chairman, attended 70%

## **Table of Contents**

of the meetings of the board. In addition, it is the policy of our board that our directors are expected to use reasonable efforts to attend the Annual Meeting of Shareholders. All of our directors attended our 2007 Annual Meeting.

The LLC agreement gives our board the authority to delegate its powers to committees appointed by the board. All of our committees are composed solely of independent directors. Our committees are required to conduct meetings and take action in accordance with the directions of the board, the provisions of our LLC agreement and the terms of the respective committee charters. We have three standing committees: the audit committee, the compensation committee and the nominating and corporate governance committee. Copies of all committee charters, including the nominating and corporate governance committee charter, are available on our website at [www.macquarie.com/mic](http://www.macquarie.com/mic) under Investor Center/Governance, and in print from us without charge upon request by writing to Investor Relations at our principal executive offices at 125 West 55th Street, New York, New York 10019. The information on our website is not, and shall not be deemed to be, incorporated by reference into this proxy statement or incorporated into any other filings that the company makes with the SEC.

**Audit Committee.** The audit committee is comprised entirely of independent directors who meet the independence requirements of the NYSE and Rule 10A-3 of the Securities Exchange Act of 1934, or the Exchange Act, and includes at least one audit committee financial expert, as required by applicable SEC regulations. The audit committee is responsible for, among other things:

retaining and overseeing our independent accountants;

assisting the company's board of directors in its oversight of the integrity of our financial statements, the qualifications, independence and performance of our independent auditors and our compliance with legal and regulatory requirements;

reviewing and approving the plan and scope of the internal and external audit;

pre-approving any audit and non-audit services provided by our independent auditors;

approving the fees to be paid to our independent auditors;

reviewing with our chief executive officer and chief financial officer and independent auditors the adequacy and effectiveness of our internal controls;

preparing the audit committee report to be filed with the SEC;

reviewing and assessing annually the audit committee's performance and the adequacy of its charter; and

serving as a Qualified Legal Compliance Committee.

Messrs. Brown, Carmany and Webb serve on our audit committee, and the board has determined that both Mr. Brown and Mr. Carmany qualify as audit committee financial experts as defined by the SEC. The audit committee met 16 times during 2007.

**Compensation Committee.** The compensation committee is comprised entirely of independent directors who meet the independence requirements of the NYSE. In accordance with the compensation committee charter, the members are outside directors as defined in Section 162(m) of the Internal Revenue Code of 1986, as amended, and non-employee directors within the meaning of Section 16 of the Exchange Act. The responsibilities of the compensation committee include:

reviewing our Manager's performance of its obligations under the management services agreement;

reviewing the remuneration of our Manager;

determining the compensation of our independent directors;

granting rights to indemnification and reimbursement of expenses to the Manager and any seconded individuals; and

making recommendations to the board regarding equity-based and incentive compensation plans, policies and programs.



## **Table of Contents**

Our compensation committee may delegate any of its authority and duties described above to subcommittees or individual members of the committee, as it deems appropriate and in accordance with applicable laws and regulations. Additionally, our board of directors has adopted a policy pursuant to which it has delegated authority to make decisions relating to compensation plans and agreements (other than long-term incentive compensation or equity plans) to members of the company's senior management, or where appropriate, to the boards of directors of our individual businesses. This delegation of authority applies with respect to company employees of our operating businesses, who are not members of the company's senior management.

The compensation committee has not engaged compensation consultants to provide advice with respect to the form or amount of director compensation. The form and amount of director compensation was established prior to our initial public offering and has not changed.

Messrs. Brown, Carmany and Webb serve on our compensation committee. The compensation committee met 7 times during 2007.

Nominating and Corporate Governance Committee. The nominating and corporate governance committee is comprised entirely of independent directors who meet the independence requirements of the NYSE. The nominating and corporate governance committee is responsible for, among other things:

- recommending the number of directors to comprise the board of directors;

- identifying and evaluating individuals qualified to become members of the board of directors, other than our Manager's appointed director and his alternate, and soliciting recommendations for director nominees from the chairman and chief executive officer of the company;

- recommending to the board the director nominees for each annual shareholders' meeting, other than our Manager's appointed director and his alternate;

- recommending to the board of directors the candidates for filling vacancies that may occur between annual shareholders' meetings, other than our Manager's appointed director and his alternate;

- reviewing independent director compensation and board processes, self-evaluations and policies;

- overseeing compliance with our code of ethics and conduct by our officers and directors; and

- monitoring developments in the law and practice of corporate governance.

Messrs. Brown, Carmany and Webb serve on our nominating and corporate governance committee. The nominating and corporate governance committee met twice during 2007.

## **Compensation Committee Interlocks and Insider Participation**

None of the members of our compensation committee are, or have been, an employee of the company. During 2007, no member of our compensation committee had any relationship with the company requiring disclosure under Item 404 of Regulation S-K. None of the company's executive officers or members of the company's board of directors has served as a member of a compensation committee (or if no committee performs that function, the board of directors) of any other entity that has an executive officer serving as a member of the company's board of directors or compensation committee.

### **Executive Sessions of our Board**

Our corporate governance guidelines provide that the non-management directors will meet without management directors at regularly scheduled executive sessions at least quarterly and at such other times as they deem appropriate. To the extent that any non-management directors are not independent, the independent directors will meet in regularly scheduled executive sessions at least once annually. In accordance with our corporate governance guidelines, the lead independent director, or alternatively, the chairman of the audit committee, nominating and corporate governance committee or compensation committee, will preside at these executive sessions of the non-management directors as determined by the non-executive directors based upon the subject matter to be discussed.

## **Table of Contents**

Mr. Webb presided, and continues to preside, over these sessions. Our non-management directors met four times during 2007.

### **Minimum Shareholding Guidelines**

Our board, upon the recommendation of our nominating and corporate governance committee, has adopted stock ownership guidelines to align the interests of our directors with the interests of our shareholders. Directors are required to hold LLC interests with a value equal to \$300,000, based on the closing price of the LLC interests on the NYSE on the later of the date of adoption of the policy and the date such director is first elected or appointed to the board. Directors have up to five years to meet these requirements provided that LLC interests with a value of at least \$50,000 should be owned within the first year. Our directors are each in compliance with this policy.

### **Nominations of Directors**

As provided in its charter, the nominating and corporate governance committee will identify and recommend to the board nominees for election or re-election to the board. The committee will review candidates for the board recommended by the company's management and other members of the board who are not members of the committee, as well as candidates recommended by shareholders, in accordance with the following criteria and as discussed in Shareholder Nominations of Directors below.

The nominating and corporate governance committee, in making its recommendations, may consider some or all of the following factors, among others:

the candidate's judgment, skill, diversity and experience with other organizations of comparable purpose, complexity and size, and subject to similar legal restrictions and oversight;

the relationship of the candidate's experience to the experience of other board members;

the extent to which the candidate would be a valuable addition to the board and any committees thereof;

whether or not the person has any relationships that might impair his or her independence, including any business, financial or family relationships with the Manager or the company's management; and

the candidate's ability to contribute to the effective management of the company, taking into account the needs of the company and such factors as the individual's experience, perspective, skills, and knowledge of the industry in which the company operates.

In recommending candidates for election as directors, the nominating and corporate governance committee will also take into consideration the need for the board of directors to have a majority of directors that are independent under the requirements of the NYSE and other applicable laws, and at least three directors that are independent under these requirements and are not appointed by the Manager pursuant to the terms of the management services agreement or otherwise affiliated with our Manager or the Macquarie Group.

In addition, the nominating and corporate governance committee will recommend candidates for election as directors based on the following criteria and qualifications:

*Financial Literacy.* Such person should be financially literate as such qualification is interpreted by the board of directors in its business judgment.

*Leadership Experience.* Such person should possess significant leadership experience, such as experience in business, finance/accounting, law, education or government, and shall possess qualities reflecting a proven record of accomplishment and ability to work with others.

*Commitment to our Company's Values.* Such person shall be committed to promoting our financial success and preserving and enhancing our reputation as a leader in the infrastructure sector, and shall be in agreement with our values as embodied in our code of ethics and conduct.

*Absence of Conflicting Commitments.* Such person should not have commitments that would conflict with the time commitments of a director of our company.

**Table of Contents**

*Complementary Attributes.* Such person shall have skills and talents which would be a valuable addition to the board and any committees thereof and that shall complement the skills and talents of our existing directors.

*Reputation and Integrity.* Such person shall be of high repute and integrity.

Under the corporate governance guidelines, directors must inform the chairman of the board and the chairman of the nominating and corporate governance committee in advance of accepting an invitation to serve on another public company board or any committee thereof. In addition, no director may sit on the board, or beneficially own more than a 5% equity interest in (other than through mutual funds or similar non-discretionary, undirected arrangements) any competitor of the company in our principal lines of business.

**Shareholder Nominations of Directors**

To make a director nomination, a shareholder must give written notice to our Secretary at our principal executive office at 125 West 55th Street, New York, New York 10019. To be considered for inclusion in our proxy statement for the 2009 Annual Meeting of Shareholders, shareholder nominations must be received by the company no later than January 27, 2009.

When directors are to be elected at a special meeting, such notice must be given not earlier than the 120th day prior to such special meeting and not later than the close of business on the later of the 90th day prior to such special meeting or the 10th day following the day on which a public announcement is first made of the date of the special meeting and of the nominees proposed by the board to be elected at such meeting.

In addition to any other requirements, for a shareholder to properly bring a nomination for director before either an annual or special meeting, the shareholder must be a shareholder of record on both the date of the shareholder's notice of nomination and the record date relating to the meeting.

The shareholder submitting the recommendation must submit:

the shareholder's name and address as they appear on the share register of the company, as well as the name and address of the beneficial owner, if any, on whose behalf the nomination is made;

the number of LLC interests which are owned beneficially and of record by such shareholder and such beneficial owner, if any; and

a description of all arrangements or understandings between the shareholder and each nominee and any other person or persons pursuant to which the recommendation is being made by the shareholder.

In addition, any such notice from a shareholder recommending a director nominee must include the following information:

the candidate's name, age, business address and residence address;

the candidate's principal occupation or employment;

the number of LLC interests that are beneficially owned by the candidate;

a copy of the candidate's resume;

a written consent from the candidate to being named in the proxy statement as a nominee and to serving as director, if elected; and

any other information relating to such candidate that would be required to be disclosed in solicitations of proxies for election of directors under the federal securities laws, including Regulation 14A of the Securities Exchange Act of 1934, as amended.

We may require any proposed nominee to furnish any additional information that we reasonably require to enable our nominating and corporate governance committee to determine the eligibility of the proposed nominee to serve as a director. Candidates are evaluated based on the standards, guidelines and criteria discussed above as well

**Table of Contents**

as other factors contained in the nominating and corporate governance committee's charter, our corporate governance guidelines, other of our policies and guidelines and the current needs of the board.

**DIRECTOR COMPENSATION**

The following table sets forth the compensation payable by us to our independent directors for service during the fiscal year ended December 31, 2007.

<b>Name</b>	<b>Fees Earned or Paid in Cash (\$)</b>	<b>LLC Interest Awards \$(1)</b>	<b>Total (\$)</b>
Norman H. Brown, Jr.	98,000	150,000	248,000
George W. Carmany, III	93,500	150,000	243,500
William H. Webb	92,000	150,000	242,000

- (1) On May 24, 2007, each independent director was granted 3,438 LLC interest units, resulting in an aggregate grant of 10,314 LLC interest units. These LLC interest units, which equal \$150,000 per director divided by the average price for the ten business days preceding the grant date, being \$43.63 per LLC interest, vest on the day immediately preceding our 2008 annual meeting of shareholders. Upon vesting of the restricted LLC interest units, each director has the right to receive 3,438 LLC interests. These are the only equity grants by the company to directors that were outstanding at December 31, 2007.

**Independent Directors Fees**

Our independent directors receive annual cash retainers of \$50,000 each for service on the board, payable in equal quarterly installments, as well as cash compensation for attendance at committee meetings and an annual retainer for service as committee chairman. The independent directors' equity plan provides for automatic, non-discretionary awards of director LLC interest units as an additional fee for the independent directors' services on the board. Directors (including the chairman and the alternate chairman appointed by our Manager) are reimbursed for reasonable out-of-pocket expenses incurred in attending meetings of the board of directors or committees and for any expenses reasonably incurred in their capacity as directors and alternate chairman, respectively. The company also reimburses directors for all reasonable and authorized business expenses in accordance with the policies of the company as in effect from time to time. Our chairman and the alternate chairman appointed by our Manager do not receive any compensation for service on our board.

Messrs. Brown, Carmany and Webb have been independent directors since the closing of our initial public offering in December 2004. Each member of the company's various standing committees also receives the following compensation related to service on these committees:

for attending a committee meeting in person (if any): \$3,000 for each meeting of the audit committee; \$2,000 for each meeting of the nominating and corporate governance committee; and \$2,000 for each meeting of the compensation committee; and

for attending a telephonic committee meeting (if any): \$1,500 for each meeting of the audit committee; \$1,000 for each meeting of the nominating and corporate governance committee; and \$1,000 for each meeting of the compensation committee.

The chairperson of the audit committee, nominating and corporate governance committee and compensation committee also receive an annual cash retainer, payable in equal quarterly installments, of \$5,000, \$2,000 and \$2,000, respectively.

**Independent Directors Equity Plan**

The company's independent directors equity plan provides for automatic, non-discretionary awards of director LLC interest units as an additional fee for the independent directors services on the board. The purpose of this plan is to promote the long-term growth and financial success of the company by attracting, motivating and retaining independent directors of outstanding ability.



## **Table of Contents**

Only independent directors may participate in the plan. Three of our directors, Messrs. Brown, Carmany and Webb, are eligible to participate in the plan. The chairman of the board of directors administers the plan. If the chairman is eligible for any awards under the plan, the plan will be administered by the most senior member of the board with respect to length of service who is not eligible for any awards under the plan. The administrator has the authority to adopt rules and regulations that he or she considers necessary or appropriate to carry out the purposes of the plan and to interpret the plan. The administrator may also delegate some or all of his or her authority under the plan to an officer of the company.

On May 24, 2007, each independent director received 3,438 director LLC interest units. These units will vest on the day immediately preceding the 2008 Annual Meeting. In addition, each independent director nominee will be eligible to receive, upon election, a grant of director LLC interest units equal to \$150,000 divided by the average of the closing sale price on the NYSE of one LLC interest during the ten-day period immediately preceding the date of our 2008 Annual Meeting. Generally, units granted at each annual meeting of shareholders will vest (assuming continued service of the director) on the day immediately preceding the next annual meeting of shareholders held following the date of grant.

If a director's service on the board terminates by reason of death or disability or in the event of a business combination of the company during the director's service, the director LLC interest units will vest immediately.

We will credit director LLC interest units to a bookkeeping account. No interest or dividends will accrue or be credited to any director LLC interest units or the director's account. As soon as practicable following vesting, we will settle director LLC interest units by delivering to the director the equivalent whole number of LLC interests. Units cannot be settled in cash or any other kind of consideration. Prior to settlement, directors will not have the rights of a shareholder in any LLC interest corresponding to the director units.

The plan will expire on the tenth anniversary of the date on which the plan was approved by shareholders. The administrator may amend or terminate the plan at any time. However, the administrator may not amend the plan without a director's consent if it would adversely affect the director's rights to previously granted awards.

## **COMPENSATION DISCUSSION AND ANALYSIS**

### **General**

Our company has a management services agreement with our Manager, a member of the Macquarie Group. The management services agreement defines our Manager's duties and responsibilities and is subject to the oversight and supervision of our company's Board of Directors. Our Manager is responsible for the conduct of our company's day-to-day business and affairs and is entitled to receive base and performance fees for the provision of its services. The Macquarie employees who serve as our chief executive officer and our chief financial officer have been assigned, or seconded, to us by our Manager and they have a fiduciary duty to act in the best interests of our company. While these employees derive profit share allocations from Macquarie Group Limited, there is a strong alignment of interest between these employees and our shareholders. The interests of Macquarie and our executive officers are aligned with the interest of our shareholders for the following reasons:

Our company pays management and performance fees to Macquarie in accordance with the management services agreement. This fee structure is linked to market performance of our company and, in the case of performance fees, ongoing outperformance of a utilities benchmark by our company.

Growth of our company, which benefits our shareholders, also results in base management fee increases for our Manager.

Macquarie holds a significant interest in our company and has reinvested its performance fees in our company's shares. At March 31, 2008, Macquarie had a 7.1% interest in our company.

The staff of Macquarie's advisory group understand that the relationship with Macquarie-managed entities is a long-term and recurring one and important to Macquarie's welfare as a whole. They take a long-term approach to adding value in connection with the managed entities rather than solely focusing on the fees that would result from any one transaction.

## **Table of Contents**

The compensation system adopted by Macquarie, discussed in detail below, links the compensation of our executive officers to our performance.

We do not pay any compensation to our executive officers. Instead, we pay our Manager the management fees discussed above. The company does not have any employees. Peter Stokes, our chief executive officer, and Francis T. Joyce, our chief financial officer, are each employed by Macquarie and are seconded to us on a permanent, wholly-dedicated basis. Under our management services agreement, the services performed for the company by our Manager are provided at its expense, including all of the compensation of our seconded executive officers.

Peter Stokes has served as our chief executive officer since our inception in 2004 and Francis T. Joyce was appointed chief financial officer effective November 8, 2006. The purpose of this compensation discussion and analysis is to provide our investors with information about the components of the compensation paid to our executive officers by Macquarie, and the policies and objectives served by Macquarie's compensation program.

### **Objectives of Macquarie's Compensation Program**

The elements of the compensation program for our executive officers derive from the general program established for employees of Macquarie. Macquarie's approach to compensation is designed to drive shareholder returns over the short and long term, both for Macquarie Group Limited shareholders as well as for shareholders of the entities managed by Macquarie such as holders of our LLC interests.

Macquarie aims to drive shareholder return by focusing on two main objectives. The first objective is to align the interest of staff and shareholders. The second objective is to attract and retain high quality staff.

Macquarie aims to grow total returns for its shareholders by aligning the interest of staff and shareholders by motivating staff through its compensation policy to increase Macquarie's net profit after tax while sustaining a high relative return on ordinary equity. Growing net profit after tax and sustaining a high return on ordinary equity are fundamental drivers of total shareholder returns for Macquarie shareholders. These twin objectives encourage executives to expand existing businesses and establish promising new activities.

Fees derived from listed and unlisted funds and other entities managed by Macquarie represent part of Macquarie's net profit after tax. Fees earned by Macquarie under our management services agreement are driven by the market performance and market capitalization of our LLC interests and, in the case of performance fees, ongoing out-performance over a utilities benchmark. As a result, incentives designed to drive Macquarie net profit after tax also serve to align the interests of our executive officers with those of our shareholders.

Macquarie also endeavors to attract high quality executives and to retain them by offering a competitive performance-driven compensation package that encourages both long-term commitment to both Macquarie and Macquarie-managed entities and superior performance. We believe that our ongoing performance is critically dependent on the skill, experience and caliber of Macquarie's team of experienced executives, such as our executive officers, for whom Macquarie must increasingly compete in the world's major financial centers.

Six key principles in Macquarie's compensation approach assist with the objective of driving shareholder returns by aligning the interests of staff and shareholders and by attracting and retaining high quality staff:

Providing compensation arrangements which are competitive on a global basis with Macquarie's peers;

## Edgar Filing: Macquarie Infrastructure CO LLC - Form DEF 14A

Ensuring a significant amount of compensation is at risk and solely dependent on performance. In the case of our executive officers, performance is assessed with reference to the performance of our company, including the performance of our underlying businesses;

Creating a profit share pool that is linked to the key drivers of shareholder returns, namely Macquarie's profitability and return on equity in excess of the cost of capital, which is, in turn, linked to our market performance;

Providing for staff equity purchases or option participation that creates identification with shareholder interest;

## **Table of Contents**

Providing consistency over time to ensure staff have the confidence that efforts over multiple years will be rewarded; and

Providing retention and deferral arrangements that encourage a long-term commitment to Macquarie and hence to shareholders.

In addition, retained profit share is notionally invested in the stock of Macquarie-managed entities, in the case of executive directors such as Mr. Stokes, to further align executive directors' interests with those of shareholders.

### **Responsibility for Macquarie's Compensation Program**

The Board of Directors of Macquarie Group Limited, or the Macquarie Board, has established a Board Remuneration Committee, or the Macquarie Board Remuneration Committee, whose objective is to assist the Macquarie Board with Macquarie's compensation policies and practices. The Macquarie Board Remuneration Committee approves all individual compensation and profit share recommendations for executive directors such as Mr. Stokes, all individual promotion and performance options grants to staff, other compensation recommendations made outside of Macquarie's policy relating to individuals or groups of individuals (unless required to be approved by the Macquarie Board), material changes to pension arrangements and changes to compensation policies not requiring full Macquarie Board approval.

Responsibility for the determination of individual compensation and profit share recommendations for division directors, such as Francis T. Joyce, rests with the Head of the Macquarie Capital Group. These recommendations are subject to central review by Macquarie's Remuneration and Promotions Committee, a central committee of management. The recommendations are ultimately approved by the Macquarie Board Remuneration Committee, individually in the case of performance and promotion option grants and in aggregate in the case of fixed remuneration changes and profit share allocations.

Based on a review of the analyses and conclusions regarding executive director compensation provided by the Macquarie Board Remuneration Committee in 2007, the non-executive directors of the Macquarie Board determined that for executive directors, like Peter Stokes, compensation was appropriate and that it was structured in a way that encouraged the overall objective of driving short and longer term shareholder returns of Macquarie by aligning the interest of executive directors with those of shareholders and by attracting and retaining high quality staff.

### **Elements of Macquarie's Compensation Program**

Macquarie's executive compensation program consists of the following elements: fixed compensation, annual profit share, including retained amounts, and equity compensation. We describe each of these, in turn, below.

#### ***Fixed Compensation***

Fixed compensation for our named executive officers consists of annual base salary. It also includes the following additional benefits that Macquarie believes are customarily provided by employers in the United States: life insurance, accidental death, disability and dismemberment (AD&D) insurance, long-term and short-term disability insurance, medical, dental and vision coverage and matching employer contributions under Macquarie's 401(k) retirement plan.

Annual base salary takes into consideration the role of the individual and market conditions. However, fundamental to Macquarie's compensation philosophy is the principle that a significant amount of the compensation be at risk and dependent upon performance.

The increase in Mr. Stokes' s base salary from 2006 to 2007 reflects current market levels for executives of Mr. Stokes' s capability. Mr. Joyce' s increase reflects a fairly typical cost of living increase.

**Table of Contents**

***Annual Profit Share***

To encourage superior performance, Macquarie has profit share arrangements for staff such as Mr. Stokes and Mr. Joyce, the fundamental principles of which have applied since Macquarie's inception. Each year the profit share pool is determined by reference to Macquarie's net profit after tax and excess return over the cost of ordinary equity for the period from April 1 of the prior year to March 31 of the year in which profit share is determined. The proportion of after tax profit and the proportion of earnings in excess of Macquarie's cost of capital that are incorporated in the profit share calculation are reviewed at least annually. The profit share pool is allocated to business groups based primarily on their relative contributions to profits taking into account capital usage.

The portion of the profit share pool for each group is then allocated to individuals within that group on a discretionary basis. The effect of this profit sharing is to provide substantial incentives in relation to superior performance, but low or no participation for less satisfactory performance. Superior performance looks at a range of indicators that go beyond financial performance, including leadership and upholding Macquarie's goals and values. For senior executives, this means that a large part of their remuneration each year is performance-based and at risk, providing significant alignment of their interests with those of Macquarie Group Limited shareholders and, through the fee incentives in our management services agreement, our shareholders.

Our executive officers participate in the Macquarie Capital Group profit share pool. The profit share pool allows Macquarie to reward all staff who have contributed to the growth of Macquarie-managed entities. The profit share pool also creates incentives for, and encourages long-term commitment among, executives working in the interests of Macquarie-managed entities that may experience some short-term market underperformance or other short-term declines in profitability due to macroeconomic factors or other extraordinary circumstances, even though the underlying assets are performing well.

The level of profit share received by our executive officers is driven predominantly by their individual contribution to the performance of our company taking into account the following elements:

operational performance of our underlying businesses;

management and leadership of our company and the businesses under the control of our company;

acquisitions and the subsequent management of those businesses to ensure performance is in line with the acquisition business plans;

effective capital management; and

factors relating to Macquarie's and the company's reputation and track record.

There is no formulaic approach to determining our executive officers' share of the profit share pool. It is completely discretionary and is determined based upon the recommendation of the Head of the Macquarie Capital Group taking into account the factors outlined above as well as input from the company's independent directors regarding the performance of our executive officers.

Our executive officers' profit share was determined with respect to Macquarie Group Limited's fiscal year, for example the period from April 1, 2006 to March 31, 2007, and therefore does not reflect subsequent events or our performance for the remainder of the year.

For 2006 and 2007, the Head of the Macquarie Capital Group made a recommendation in relation to Mr. Stokes' profit share to Macquarie Group Limited's Chief Executive Officer and the Macquarie Board Remuneration Committee based on the factors outlined above. Recommendations for Mr. Stokes generally take into account the following factors:

the improved performance in the majority of our underlying businesses over prior years;

the effective management and leadership over the operation of our company and our underlying businesses;

successful acquisitions of new businesses and growth in existing businesses, principally our airport services business;



**Table of Contents**

optimizing the capital structure of our businesses; and

the performance during the period of our LLC interests compared to market benchmarks.

Recommendations also take into account Mr. Stokes' role in maintaining and growing the reputation and brand awareness of the company and Macquarie as a leading manager and owner of infrastructure investments in North America.

The specific factors considered in determining Mr. Joyce's profit share for 2007 were his leadership of the finance function of our company, including coordination of internal controls over financial process and management of the internal and external audit function, his development and leadership of our finance team and the finance teams of our operating businesses and his management of the integration of acquired businesses' financial processes into our company.

Increased profit share for Mr. Stokes over 2006 and for Mr. Joyce over the amount set forth in his employment agreement firstly reflects the increase in Macquarie's profitability and return on equity in excess of its cost of capital for its fiscal year ended March 31, 2007 combined with the strong relative contribution of the Macquarie Capital Group to that performance. Further, Mr. Stokes' substantial increase reflects the successful acquisition, integration and strong operating performance of Trajen's 23 FBOs and The Gas Company as well as the acquisition, management and contributions to our estimated cash available for distribution of our bulk liquid storage terminal business, each of which we acquired during the year ended March 31, 2007. This compares to the acquisition of our Las Vegas FBO and 8 additional airport parking facilities during the prior year. The increase in Mr. Joyce's profit share from the amount set forth in his employment contract reflects his stewardship of the integration of The Gas Company, previously a private business, into the internal control process of our company. Profit share determinations are made for each of our executive officers individually and not with reference to the compensation of our other executive officer.

***Retained Profit Share***

Deferral and restriction arrangements apply to a portion of allocated profit share to encourage a long-term perspective and commitment from employees. It also encourages alignment with the longer term interest of shareholders. The Directors' Profit Share (DPS) Plan applies to the staff at executive director level, such as Mr. Stokes. Under the DPS Plan, 20% of each executive director's annual directors' profit share is withheld, subject to a retention cap limiting the total amount of the automatic deferrals under the plan. The retention cap is equal to two times the executive director's average annual base compensation plus gross directors' profit share allocation over the five most recent years. The amounts retained under the DPS Plan begin to vest after five years of service as an executive director and fully vest after 10 years of service. Vested amounts are released to an executive director at the earlier of the executive director ceasing employment and the end of a ten-year period following the retention date (subject to certain disqualifying events). Therefore, assuming continued employment, there is a continuous rolling ten years of profit share retention.

From and including 2005, all retained directors' profit share for executive directors of Macquarie, such as Mr. Stokes, is notionally invested in one or more funds or vehicles managed by Macquarie. These investments are described as "notional" because the executive directors do not directly hold securities in relation to these investments. However, the value of the retained amounts will vary as if these amounts were directly invested in actual securities. In Mr. Stokes' case, all 2006 profit share retention was notionally invested in shares of trust stock of the trust (or LLC interests following the dissolutions of the trust) as of July 1, 2006. On July 1, 2007, his 2007 profit share retention was notionally invested in a portfolio of securities managed by the Macquarie Capital Group that does not include our LLC interests. This change in allocation was made to ease the burdens in relation to the short swing profit rules under

Section 16 of the Securities Exchange Act 1934, as amended. Macquarie is currently working with the SEC to determine whether an exemption to these rules would be available to its DPS plan as it would be if it were a plan of our company.

Profit share retention arrangements also apply for division directors such as Mr. Joyce under Macquarie's profit share arrangements. Under these arrangements, 25% of any annual profit share allocation above AUD \$50,000 (\$43,880 as of December 31, 2007) is retained. The retained profit share vests and is paid out in three equal

## **Table of Contents**

installments, two, three and four years from the retention date. Notional interest is paid on retained profit share. In the event that an employee ceases employment with Macquarie, any retained profit share allocation that has not vested to them is forfeited except in the discretion of the Head of the relevant business group.

### ***Equity Compensation***

Because our executive officers are compensated by Macquarie directly, we do not provide our executive officers with any option or stock-based compensation with respect to our LLC interests. Macquarie Group Limited may, in its discretion, grant options over Macquarie shares to individuals. Macquarie uses options for senior staff to provide a long-term equity incentive and to achieve direct alignment with shareholder interests over the longer term.

Senior staff such as Mr. Stokes and Mr. Joyce are eligible to participate in the Macquarie Group Employee Share Option Plan.

Under the option plan, options over fully paid unissued ordinary shares in Macquarie Group Limited with a five-year term are issued for no consideration and normally have an exercise price determined by reference to the fair market value per share of a fully paid ordinary share of Macquarie Group Limited, valued by the weighted average price of an ordinary share traded on the Australian Stock Exchange (ASX) (adjusted for cumulative dividend trading and excluding certain special trades) during the one week up to and including the grant date. Options vest in three equal installments after the second, third and fourth anniversaries of the date of commencement of employment and, for existing employees, on July 1, two, three and four years after the allocation of the options. Options not exercised by the end of the five-year term expire, unless forfeited beforehand. Macquarie Group Limited imposes additional performance hurdles on options of executive directors, like Mr. Stokes. Vested options can only be exercised by executive directors if a performance condition has also been satisfied. The performance conditions require that Macquarie Group Limited's three-year average return on ordinary equity exceeds the corresponding figures for all companies in a reference group at a certain percentile level.

The Macquarie Board approves the maximum number of options to be allocated each year as part of the annual remuneration review process. Once the Macquarie Board has approved the annual maximum number of options to be granted, the majority of these options are allocated to individual executives in broadly the same manner as annual profit share incentives. That is, just as annual profit share incentives are performance driven, annual option grants are also performance-based. Allocations of options to our executives are approved via the same process as the annual profit share allocation.

Options are also allocated to staff on promotion to associate director, division director or executive director level. New recruits at each of these levels are also granted options, with the number allocated depending on the director level.

The terms and conditions of the options that have been awarded to our named executive officers are described below.

### **Minimum Shareholding Guidelines**

We do not have any separate policy that requires our executive officers to maintain a minimum shareholding in our LLC interests, although Mr. Stokes is subject to minimum shareholding requirements with respect to Macquarie Group Limited stock and restrictions on hedging. Our internal policies generally prohibit our officers and directors, among others, from engaging in hedging or derivative transactions, engaging in speculations or short sales and using margin loans or pledges with respect to our securities.

### **Post-Termination Compensation and Benefits**

The employment contracts with each of our current executive officers are ongoing and provide for termination of employment by Macquarie or the executive after giving two or four weeks notice, as applicable. Macquarie sponsors a severance plan for U.S.-based staff that it believes is comparable to plans typically offered by U.S. employers. The DPS Plan, Macquarie's profit share arrangements and the Macquarie Group Employee Share Option Plan also have specific provisions relating to termination events as described under Executive Compensation Potential Payments on Termination or Change in Control below.

Table of Contents**EXECUTIVE COMPENSATION****Summary Compensation Table**

The following table sets forth the compensation earned by our executive officers during the fiscal year ended December 31, 2007 and 2006.

Name & Principal Position	Year	Salary (\$)	Bonus (\$)(3)	Option Awards (\$)(4)	Nonqualified Deferred		Total (\$)
					Earnings (\$)(5)	All Other Compensation (\$)(6)	
Peter Stokes Chief Executive Officer(1)	2007	282,000	1,988,911	91,756	77,148	15,801	2,455,616
	2006	235,000	572,184	76,570	7,213	14,285	925,803
Francis T. Joyce Chief Financial Officer(2)	2007	302,500	165,000	47,595		16,516	531,611
	2006	88,653		9,577		11,270	112,071

- (1) Mr. Stokes also served as interim chief financial officer from September 1 to November 8, 2006 for which he received no additional compensation.
- (2) Mr. Joyce was appointed chief financial officer effective November 8, 2006, although he joined Macquarie effective as of September 15, 2006. Compensation information for Mr. Joyce for 2006 has been provided for the entire period of his employment with Macquarie.
- (3) Bonus refers to profit share allocations. For Mr. Stokes, \$397,782 of the 2007 amount and \$114,437 of the 2006 amount were retained under the DPS Plan described above (in Australian dollars) and will be payable on the earlier of ten years following the retention date or six months after retirement or termination (subject to certain disqualifying events). For Mr. Joyce, \$31,161 of the 2007 amount has been retained under Macquarie's profit share arrangements (in U.S. dollars) and will be payable in equal installments with notional interest on each of the second, third and fourth anniversaries of the retention date.
- (4) The value of options awards has been determined in accordance with the requirements of FAS 123R Share Based Payment. The value of each option is estimated on the date of grant using the trinomial option pricing framework. The following key assumptions have been adopted for grants made in 2007, risk free interest rate: 7.0%, expected life of options: four years, volatility of share price: 20.0% and dividend yield: 3.43%. The following key assumptions have been adopted for grants made in 2006, risk free interest rate: 5.96%, expected life of options: four years, volatility of share price: 18% and dividend yield: 3.6%. Amounts for 2007 have been converted from Australian dollars to U.S. dollars using the Federal Reserve Bank noon buying rates effective on December 31, 2007 of \$0.8776 to AUD \$1.00. Amounts for 2006 have been converted from Australian dollars to U.S. dollars using the Federal Reserve Bank noon buying rates effective on December 31, 2006 of \$0.7884 to AUD \$1.00.

Options vest in three equal installments after the second, third and fourth anniversaries of the date of commencement of employment for new starters and, for existing employees, on July 1, two, three and four years after the allocation of the options, unless forfeited beforehand. Options not exercised by the end of the five-year term expire. In addition, the options granted to Mr. Stokes during the fiscal years ended December 31, 2006 and 2007 can only be exercised if Macquarie's three-year average return on ordinary equity is above the 50th percentile of the corresponding figures for all companies in a reference group at the time of vesting.

- (5) Represents earnings on amounts retained in the DPS Plan. Of this amount, \$54,790 relates to an increase from the period of July 1, 2006 to June 30, 2007 in the value of a notional investment in shares of trust stock of the trust (or LLC interests of the company following the dissolution of the trust), none of which has been paid to date. Unpaid amounts have been converted from Australian dollars to U.S. dollars using the Federal Reserve Bank noon buying rate effective on December 31, 2007 of \$0.8776 to AUD \$1.00.
- (6) These amounts represent the total value of employer-provided 401(k) contributions, medical, dental and vision plan premiums, as well as life, long-term and short-term disability, workers' compensation and AD&D

**Table of Contents**

insurance premiums for plans maintained by Macquarie Holdings (USA) Inc. for the years ended December 31, 2007 and 2006.

**Employment Agreements**

*Employment Agreement with Peter Stokes.* Our chief executive officer has an employment agreement with Macquarie Holdings (USA) Inc., dated October 12, 2004, and is currently seconded to our Manager. The agreement provides that he holds the position of Executive Director. The agreement provides that Mr. Stokes will receive an annual base salary of \$220,000, subject to increases due to performance reviews. Mr. Stokes' annual base salary was \$314,000 effective as of July 1, 2007. The agreement also provides that Mr. Stokes is eligible to participate in the DPS Plan. The agreement also provides that Mr. Stokes will also be eligible to participate in Macquarie's 401(k) plan, health and welfare plans, and will be eligible for a four-week vacation and holidays, sick and personal time as provided to other employees at his level. In addition, Mr. Stokes is eligible to be reimbursed for reasonable and necessary out-of-pocket expenses incurred by him in connection with the performance of his duties and in accordance with Macquarie Holdings (USA) Inc.'s expense policy.

*Employment Agreement with Francis T. Joyce.* Our chief financial officer has an employment agreement with Macquarie Holdings (USA) Inc., dated August 11, 2006, and is currently seconded to our Manager. The agreement provides that he holds the position of Division Director with Macquarie Holdings (USA) Inc. The agreement provides that Mr. Joyce will receive an annual base salary of \$300,000, subject to increases due to performance reviews, and for the financial year ending March 31, 2007 will be allocated a minimum guaranteed profit share allocation of \$120,000. The decision whether to provide a profit share allocation and the amount of any profit share allocation is discretionary for future financial years. Mr. Joyce's annual base salary was \$305,000 effective as of July 1, 2007 and he received a profit share allocation of \$165,000 for the financial year ending March 31, 2007. The agreement provides that Mr. Joyce will also be eligible to participate in Macquarie's 401(k) plan, health and welfare plans, and will be eligible for a four-week vacation and holidays, sick and personal time as provided to other employees at his level. In addition, Mr. Joyce is eligible to be reimbursed for reasonable and necessary out-of-pocket expenses incurred by him in connection with the performance of his duties and in accordance with Macquarie Holdings (USA) Inc.'s expense policy.

**2007 Grants of Plan-Based Awards**

The following table contains information regarding grants to our named executive officers during 2007 of options to purchase unissued fully paid ordinary shares of Macquarie Group Limited pursuant to the Macquarie Group Employee Share Option Plan.

Name	Grant Date(1)	Estimated	All Other	Exercise	Closing	Grant Date
		Future	Option			
		Payouts	Awards:	or	Price	Fair
		Under	Number of	Base	of Option	Value of
		Equity	Securities	Price	Awards	Option
		Incentive	Underlying	of Option	(\$/Sh)(1)(3)	Awards
		Plan	Options	Awards	(\$/Sh)(2)	(\$)(2)
		Awards:	Target			
		Target	(#)(2)			

Peter Stokes	August 15, 2007	14,120		62.67	58.52	138,300
Francis T. Joyce	August 15, 2007		1,200	62.67	58.52	11,753

*Dollar values in the table have been converted from Australian dollars to U.S. dollars using the Federal Reserve Bank noon buying rate effective on December 31, 2007 of \$0.8776 to AUD \$1.00; however, the optionee must pay the applicable exercise price established in Australian dollars.*

- (1) As a result of the corporate reorganization of the Macquarie Group in late 2007, all options previously granted under the Macquarie Bank Employee Share Option Plan (MBESOP) were cancelled on November 13, 2007 and replaced with options issued by Macquarie Group Limited under the Macquarie Group Employee Share Option Plan (MGESOP). There were no tax impacts to our executive officers or incremental accounting costs to the Macquarie Group resulting from this exchange.
- (2) Options vest in three equal installments after the second, third and fourth anniversaries of the date of commencement of employment for new starters and, for existing employees, on July 1, two, three and four



**Table of Contents**

years after the allocation of the options, unless forfeited beforehand. Options not exercised by the end of the five-year term expire. In addition, the options granted to Mr. Stokes shown above can only be exercised if Macquarie's three-year average return on ordinary equity is above the 50th percentile of the corresponding figures for all companies in a reference group at the time of vesting.

The value of options awards has been determined in accordance with the requirements of FAS 123R Share Based Payment. The value of each option is estimated on the date of grant using the trinomial option pricing framework. The following key assumptions have been adopted for grants made in 2007: risk free interest rate: 7.0%, expected life of options: four years, volatility of share price: 20.0% and dividend yield: 3.43%.

- (3) The exercise price per share was determined by reference to the fair market value per share of a fully paid ordinary share of Macquarie Group Limited as valued by the weighted average price of an ordinary share traded on the ASX (adjusted for cumulative dividend trading and excluding certain special trades), during the one week up to and including the date of the grant.

**Outstanding Equity Awards at 2007 Fiscal Year-End**

The following table sets forth a summary of all outstanding equity awards held by each of our named executive officers as of December 31, 2007.

Name	Number of Securities Underlying Unexercised Options (#)		Equity Incentive Plan Awards:	Option Exercise Price (\$)(4)	Option Expiration Date
	Exercisable	Unexercisable(1)(3)	Number of Securities Underlying Unexercised Unearned Options (#)(2)(3)		
Peter Stokes	8,000			25.22	August 28, 2008
	5,466		2,734	28.74	November 8, 2009
	3,833		7,667	55.59	August 1, 2010
			6,835	54.23	August 1, 2011
Francis T. Joyce		11,000	14,120	62.67	August 15, 2012
				60.97	October 9, 2011
		1,200		62.67	August 15, 2012

- (1) Options issued to Francis T. Joyce that are unexercisable at December 31, 2007 vest as follows:

11,000 options with an exercise price of \$60.97: 3,666 options vest on each of September 15, 2008 and September 15, 2009, and 3,668 options vest on September 15, 2010.

1,200 options with an exercise price of \$62.67: 400 options vest on each of July 1, 2009, July 1, 2010, and July 1, 2011.

(2) Options issued to Peter Stokes that are unexercisable at December 31, 2007 vest as follows:

2,734 options with an exercise price of \$28.74 vest on July 1, 2008.

7,667 options with an exercise price of \$55.59 3,833 options vest on July 1, 2008 and 3,834 options vest on July 1, 2009.

6,835 options with an exercise price of \$54.23 2,278 options vest on each of July 1, 2008 and July 1, 2009, and 2,279 options vest on July 1, 2010.

14,120 options with an exercise price of \$62.67 4,706 options vest on each of July 1, 2009 and July 1, 2010, and 4,708 options vest on July 1, 2011.

(3) All unexercised options are considered earned on the date of grant, subject to the vesting provisions described above. In addition, Mr. Stokes' ability to exercise these options is subject to various Macquarie performance conditions. The options can only be exercised if Macquarie's three-year average return on ordinary equity is at or above the 50th percentile of the corresponding figures for all companies in the appropriate reference group at the relevant examination date.

**Table of Contents**

- (4) Exercise prices have been converted from Australian dollars to U.S. dollars using the Federal Reserve Bank noon buying rate effective on December 31, 2007 of \$0.8776 to AUD \$1.00; however, the optionee must pay the exercise price in Australian dollars.

**2007 Option Exercises**

The following table sets forth the number of shares acquired and the value realized by the named executive officers upon the exercise of stock options during the fiscal year ended December 31, 2007.

Name	Option Awards	
	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise(1)(\$)
Peter Stokes	20,000	972,166
Francis T. Joyce		

- (1) Value realized has been converted from Australian dollars to U.S. dollars using the Federal Reserve Bank noon buying rate effective on December 31, 2007 of \$0.8776 to AUD \$1.00. Value realized on exercise for 13,500 of the shares acquired on exercise of options for Mr. Stokes represents pre-tax amounts received on the sale of his options, rather than an exercise of options.

**Nonqualified Deferred Compensation**

The following table sets forth a summary of the retained profit share of each named executive officer as of December 31, 2007.

Name	Executive Contributions in	Aggregate Earnings	Aggregate Withdrawals/ Distributions	Aggregate Balance
	Last FY (\$)(1)	in Last FY (\$)(2)	(\$)(3)	at Last FYE (\$)(4)
Peter Stokes	397,782	77,148	22,358	950,540
Francis T. Joyce	31,161			31,161

- (1) Consists of the portion of the amounts reported in the Bonus column of the summary compensation table for the 2007 fiscal year that is deferred under the DPS Plan, in the case of Mr. Stokes, and under Macquarie's profit share arrangements, in the case of Mr. Joyce.
- (2) The amount for Mr. Stokes represents an amount earned on amounts retained in the DPS Plan. The amounts retained accrued income at an average annual rate of 25.1% on a weighted average principal amount of \$307,509, which represents the amount of notional income associated with that investment determined at the discretion of the Macquarie Executive Committee in July 2007. Of the total amount, \$54,790 relates to an increase from the period of July 1, 2006 to June 30, 2007 in the value of a notional investment in shares of trust

stock of the trust (or LLC interests of the company following the dissolution of the trust), none of which has been paid to date. Any notional income for the period beginning July 1, 2007 will be determined at the discretion of the Macquarie Executive Committee in July 2008. Unpaid aggregate earnings have been converted from Australian dollars to U.S. dollars using the Federal Reserve Bank noon buying rate effective on December 31, 2007 of \$0.8776 to AUD \$1.00.

- (3) For Mr. Stokes, income earned on amounts retained, excluding an increase from the period of July 1, 2006 to June 30, 2007 in the value of a notional investment in shares of trust stock of the trust (or LLC interests of the company following the dissolution of the trust), was paid out as additional remuneration in August 2007.
- (4) In the case of Mr. Stokes, an aggregate of \$51,904 relates to retention held in the former DPS Trust Scheme in years 2003 and 2004 which was initially paid out and then mandatorily reinvested on an after-tax basis. All balances held under the former DPS Trust Scheme are being transitioned to the current DPS Plan under transition arrangements which ensure the required balances are retained on a pre-tax basis. As a result, Mr. Stokes' aggregate balance has been increased by \$62,035 which is not reflected under Executive Contributions. For Mr. Stokes, as of July 1, 2007, \$843,845 of this amount is notionally invested in a portfolio of Macquarie managed vehicles, \$114,437 of which is notionally invested in our LLC interests. The aggregate retention (other than that portion notionally invested in our LLC interests) has been converted from

**Table of Contents**

Australian dollars to U.S. dollars using the Federal Reserve Bank noon buying rate effective on December 31, 2007 of \$0.8776 to AUD \$1.00. See Summary Compensation Table above.

The compensation reported in the nonqualified deferred compensation table was deferred by Mr. Stokes pursuant to the DPS Plan. Under the DPS Plan, the value of the retained DPS for the period from the preceding July 1 to June 30 is determined based on total shareholder returns of the notional portfolio assuming reinvestment of distributions and, therefore, takes into account both capital appreciation and distributions to shareholders. Any increases in value of the notional portfolio may be paid out in August each year at the discretion of Macquarie Group Limited's Executive Committee, or the Macquarie Board Remuneration Committee. If the notional investment of retained DPS results in a notional capital loss, Macquarie will not make any payment or compensation in respect of the loss. This notional capital loss will be offset against notional income in the first instance and then against any future notional capital gains or income until the loss is completely offset. Any notional loss may also be deducted from retained DPS amounts at the discretion of the Macquarie Executive Committee and/or the Macquarie Board Remuneration Committee. In Mr. Stokes' case, all 2006 profit share retention was notionally invested in shares of trust stock of the trust (now LLC interests of the company following the dissolution of the trust) as of July 1, 2006. On July 1, 2007, his 2007 profit share retention was notionally invested in a portfolio of securities managed by the Macquarie Capital Group that does not include our LLC interests.

Mr. Stokes' total retained profit share shown above began vesting on March 31, 2007, five years from the date he was deemed to become an executive director, and will be fully vested on March 31, 2012.

The compensation reported in the nonqualified deferred compensation table was deferred by Mr. Joyce pursuant to Macquarie's profit share arrangements. Notional interest is paid on retained profit share based on the one year guaranteed U.S. dollar cash rate.

**Potential Payments on Termination or Change in Control**

For each of the named executive officers, there are no contracts, agreements, plans or arrangements that provide for payments upon a change of control of our company.

***Termination Provisions under Employment Agreements***

Under the terms of Mr. Stokes' employment agreement with Macquarie Holdings (USA) Inc., dated October 12, 2004, Mr. Stokes must provide Macquarie Holdings (USA) Inc. four weeks' notice if he voluntarily resigns and Macquarie Holdings (USA) Inc. will provide Mr. Stokes four weeks' notice of any termination (although the employer may make payments to him in lieu of such notice). During any period of notice of termination or resignation, Macquarie Holdings (USA) Inc. has the discretion to direct Mr. Stokes not to do any work or contact any customers or clients for a period up to the date of his termination or resignation. During this period, Mr. Stokes will continue to be employed by Macquarie Holdings (USA) Inc. and must not engage or prepare to engage in any business activity that is the same as or similar to the business he was undertaking with his employer. Mr. Stokes is also entitled to severance under Macquarie's severance plan discussed below.

Mr. Stokes' employment agreement also provides that Mr. Stokes is subject to a confidentiality restrictive covenant for an unlimited duration. The employment agreement also provides that Mr. Stokes is subject to a non-solicitation restrictive covenant of employees and clients during his employment and for a three-month period thereafter. In addition, the employment agreement provides that Mr. Stokes is subject to a non-competition restrictive covenant during his employment and for a three-month period thereafter.

Under the terms of Mr. Joyce's employment agreement with Macquarie Holdings (USA) Inc., dated August 11, 2006, Mr. Joyce must provide Macquarie with two weeks' notice if he voluntarily resigns, and Macquarie must provide Mr. Joyce with two weeks' notice of a termination of his employment for any reason other than for cause, as defined in Mr. Joyce's employment agreement. The period between such notice and termination of employment is referred to as the notice period. During the notice period, Mr. Joyce will be entitled to continue to receive his salary and contributions to the group medical, dental, vision, life and disability plans and he will be entitled to payment of any accrued but unpaid vacation time. Macquarie may, in its discretion, alter Mr. Joyce's duties or place him on paid leave of absence during the notice period. In addition, Mr. Joyce may not provide services to any other

## **Table of Contents**

employer or act as a consultant or otherwise assist any person or entity in connection with their business during his employment or the notice period.

If within the first 24 months of Mr. Joyce's employment, (i) Macquarie terminates his employment without cause, as defined in Mr. Joyce's employment agreement, (ii) his responsibilities adversely materially change, or (iii) his reporting relationship or job title and duties adversely materially change, then Macquarie will pay Mr. Joyce a one-time severance payment of \$400,000, subject to the execution of a general release. As a result, Mr. Joyce will not be entitled to severance under Macquarie's severance plan during the first 24 months of his employment. Thereafter, he would be entitled to severance payments equal to four weeks' base salary for the first year of employment plus three weeks salary for each year thereafter, on a pro rata basis if applicable.

The agreement provides that Mr. Joyce will, during the term of his employment and for a three-month period thereafter, be subject to restrictive covenants prohibiting competition and solicitation of employees and clients. In addition, Mr. Joyce will be subject to a confidentiality covenant for an unlimited duration. In the event Mr. Joyce is terminated without cause, he will have the right to request a waiver of the non-competition restriction from Macquarie. If Macquarie denies the request and Mr. Joyce executes a general release, Mr. Joyce will be entitled to receive his current annual base salary for the time period that the non-competition restriction remains in effect.

### ***Macquarie's Severance Plan***

Under Macquarie's severance plan applicable to U.S.-based staff such as Mr. Stokes and Mr. Joyce, if an executive director, division director or associate director is terminated by Macquarie for reasons other than for cause or by voluntary resignation, such person would be entitled to severance payments equal to four weeks base salary for the first year of employment plus three weeks base salary for each year thereafter, and pro rata payments for each complete month within any portion of a year.

### ***Profit Share Arrangements***

In the event that an executive director, like Mr. Stokes, terminates employment with Macquarie, then the executive director's vested retained directors' profit share may, subject to certain disqualifying events, be distributed on the date on which the Macquarie Board Remuneration Committee and/or the Macquarie Executive Committee determines that the executive is entitled to the distribution. This will generally be six months after the termination date. In the case of Mr. Joyce, unvested retained amounts may be paid on termination at the discretion of Macquarie.

If an executive director such as Mr. Stokes dies or becomes wholly unable to work while employed by Macquarie, the executive director's retained directors' profit share will vest in full and will, subject to certain disqualifying events, be released to the executive director or his or her legal personal representative. The Macquarie Board Remuneration Committee and/or the Macquarie Executive Committee of Macquarie Group also has the authority to accelerate the vesting of retained profit share for all applicable employees and reduce the retention period in appropriate circumstances, such as in the event of the bona fide retirement from the industries within which Macquarie operates and competes of an employee who has completed at least five years of service with Macquarie.

An executive director will forfeit and will not be entitled to any retained directors' profit share (or future notional income or capital growth), whether or not vested, if the Macquarie Board Remuneration Committee and/or the Macquarie Executive Committee determines, in its absolute discretion, that the executive director has committed an act of dishonesty (including but not limited to misappropriation of funds and deliberate concealment of a transaction), committed a significant and willful breach of duty that causes significant damage to Macquarie, joined a competitor of Macquarie, or taken a team of Macquarie staff to a competitor or been instrumental in causing a team to go to a competitor, in each case, during, or within six months following, the executive director's employment with Macquarie.

For directors other than executive directors, like Mr. Joyce, Macquarie has the discretion to determine that retained profit share and notional income, whether or not vested, is also forfeited in such circumstances.



**Table of Contents*****Macquarie Group Employee Share Option Plan***

Under the terms of the Macquarie Group Employee Share Option Plan, if an individual who has been granted options ceases to be an employee or consultant of Macquarie, their vested options lapse six months after they cease to be an employee or consultant and their unvested options lapse immediately. However, the Macquarie Executive Committee may, in its absolute discretion and on any conditions it thinks fit, determine that the options do not lapse at that time but lapse at the time and subject to the conditions it specifies, which may include that options that have not otherwise reached their vesting date are deemed to have vested, that the lapse date of any of the options is extended beyond six months after the date on which the individual ceased to be an employee or consultant or that any exercise conditions associated with the options are waived.

If an individual who has been granted options dies, the Macquarie Executive Committee may, in its absolute discretion, and subject to any conditions that it specifies in relation to any exercise of its discretion in relation to the individual ceasing to be an employee or consultant, give approval for the relevant options to be transferred to the individual's legal personal representatives.

If the Macquarie Executive Committee becomes aware of circumstances which, in its reasonable opinion, indicate that an individual has acted fraudulently, dishonestly or in a manner which is in breach of his or her obligations to Macquarie, it may, in its absolute discretion, determine that any or all of the options granted to the individual lapse immediately.

***Payments upon Resignation or Termination***

If, as of December 31, 2007, any of the following events had occurred with respect to Mr. Stokes, the following would have been payable by Macquarie:

<b>Event</b>	<b>Severance(1)</b>	<b>Options(2)</b>	<b>Retained Profit Share(3)</b>	<b>Total</b>
Voluntary resignation or retirement		\$ 584,894	\$ 353,344	\$ 938,238
Termination without cause	\$ 312,490	\$ 584,894	\$ 353,344	\$ 1,250,728
Termination for cause				
Death or Disability		\$ 584,894	\$ 950,540	\$ 1,535,434

(1) Severance represents amounts payable pursuant to the Macquarie Severance Plan.

(2) The amounts for options reflect the difference between the strike prices of the options and the closing price of the underlying Macquarie Group Limited shares on December 31, 2007, assuming exercise of all options that were vested and in the money at December 31, 2007, converted from Australian dollars to U.S. dollars using the Federal Reserve Bank noon buying rate effective on December 31, 2007 of \$0.8776 to AUD \$1.00.

The following assumptions have been made:

Upon a voluntary resignation and a termination without cause the Macquarie Executive Committee does not exercise any discretion in relation to the cessation of employment under the terms of the Macquarie Group Employee Share Option Plan.

Upon a termination for cause the Macquarie Executive Committee exercises its discretion under the Macquarie Group Employee Share Option Plan to determine that all options lapse immediately. The Macquarie Executive Committee is not bound to exercise any discretion under the Macquarie Group Employee Share Option Plan as a result of these assumptions.

- (3) DPS Plan payments, other than in the case of death or disability, represent 33.33% of Mr. Stokes total retention and 100% of DPS Plan aggregate earnings not yet paid, subject to no disqualifying events. DPS Plan payments in the event of death or disability represent 100% of Mr. Stokes total retention, subject to no disqualifying events.

The following assumptions have been made:

Upon a voluntary resignation and a termination without cause the Macquarie Board Remuneration Committee and/or the Macquarie Executive Committee do not exercise any discretion in relation to the cessation of employment under the terms of the DPS Plan.

**Table of Contents**

Upon a termination for cause the Macquarie Board Remuneration Committee and/or the Macquarie Executive Committee determine that a disqualifying event has occurred under the terms of the DPS Plan.

The Macquarie Board Remuneration Committee and/or the Macquarie Executive Committee are not bound to exercise any discretion under the DPS Plan as a result of these assumptions. Amounts (other than that portion notionally invested in our LLC interests) have been converted from Australian dollars to U.S. dollars using the Federal Reserve Bank noon buying rate effective on December 31, 2007 of \$0.8776 to AUD \$1.00,

If, as of December 31, 2007, Mr. Joyce had been terminated without cause, or his responsibilities had adversely materially changed or his reporting relationship or job title and duties had adversely materially changed, he would have been entitled to a severance payment of \$400,000 under his employment agreement described above. He may also receive unvested options and retained profit share amounts, subject to the discretions outlined above. No amounts would have been payable in the event of his resignation or termination for cause, subject to discretions being exercised in relation to his options and retained profit share amounts. Upon death or disability he or his estate would be entitled to retained profit share of \$31,161.

**Table of Contents****SHARE OWNERSHIP OF DIRECTORS, EXECUTIVE OFFICERS AND  
PRINCIPAL SHAREHOLDERS**

The following table sets forth information regarding the beneficial ownership of LLC interests by each person who is known to us to be the beneficial owner of more than five percent of the outstanding LLC interests, each of our directors and executive officers and our directors and executive officers as a group as of March 31, 2008, based on 44,938,380 LLC interests issued and outstanding. All holders of LLC interests are entitled to one vote per LLC interest on all matters submitted to a vote of holders of LLC interests. The voting rights attached to LLC interests held by our directors, executive officers or major shareholders do not differ from those that attach to LLC interests held by any other holder. Under Rule 13d-3 of the Exchange Act, beneficial ownership includes LLC interests for which the individual, directly or indirectly, has voting power, meaning the power to control voting decisions, or investment power, meaning the power to cause the sale of the LLC interests, whether or not the LLC interests are held for the individual's benefit.

Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership (Number of LLC Interests)			Total	Percent of LLC Interests Outstanding
	LLC Interests Representing Sole Voting and/or Investment Power	LLC Interests Representing Shared Voting and Investment Power	Right to Acquire LLC Interests Within 60 Days		
<b>5% Beneficial Owners</b>					
Macquarie Infrastructure Management (USA) Inc.(1)	3,173,123	19,124		3,192,247	7.1%
BlackRock, Inc.(2)(3)		2,627,800		2,627,800	5.9%
<b>Directors(4)</b>					
John Roberts(5)	121,061	3,173,123		3,294,184	7.3%
Norman H. Brown, Jr.(6)	11,463	2,000	3,438(7)	16,901	*
George W. Carmany, III	12,962		3,438(7)	16,400	*
William H. Webb	17,462		3,438(7)	20,900	*
Stephen Mentzines(5)		3,173,123		3,173,123	7.1%
<b>Named Executive Officers</b>					
Peter Stokes(5)	19,961	3,173,123		3,193,084	7.1%
Frank Joyce	2,500			2,500	*
<b>All Directors and Named Executive Officers as a Group</b>	185,409	3,175,123	10,314	3,370,846	7.5%

\* Less than 1%.

(1)

## Edgar Filing: Macquarie Infrastructure CO LLC - Form DEF 14A

Share amounts reflected in the column entitled "LLC Interests Representing Shared Voting and Investment Power" are LLC interests held by Macquarie Group Limited, through its subsidiary Macquarie Group Services Australia Pty Limited, to hedge potential payments under its DPS Plan and over which Macquarie Group Services Australia Pty Limited has sole voting power and shares dispositive power with MGL. The address of our Manager is 125 West 55th Street, New York, NY 10019.

- (2) Number of LLC interests presented is based solely on the information provided in a filing by such person with the SEC on Schedule 13G, as amended.
- (3) Represents amounts beneficially owned by certain investment advisory subsidiaries of BlackRock, Inc. The address of BlackRock, Inc. is 40 East 52nd Street, New York, NY 10022.
- (4) The address of each person is c/o Macquarie Infrastructure Company LLC, 125 West 55th Street, New York, New York 10019.
- (5) Each of the following persons may be deemed to beneficially own, and share voting and investment power in, the LLC interests held by Macquarie Infrastructure Management (USA) Inc., our Manager, shown separately in the table above.

**Table of Contents**

Mr. Roberts, as the Global Head of the Macquarie Group's MacCap Funds group, of which our Manager constitutes a part.

Mr. Mentzines, as a director of our Manager.

Mr. Stokes, as the president and a director of our Manager.

Each of the foregoing disclaims beneficial ownership and the filing of this proxy statement shall not be construed as an admission that such person is, for the purposes of Section 13(d) or 13(g) of the Exchange Act, the beneficial owner of any of the LLC interests owned by our Manager.

- (6) Amounts reflected in the column entitled "LLC Interests Representing Shared Voting and Investment Power" are LLC interests which are held in trust and for which Mr. Brown is the trustee but not the beneficiary. Mr. Brown disclaims beneficial ownership of these LLC interests and the filing of this proxy statement shall not be construed as an admission that such person is, for the purposes of Section 13(d) or 13(g) of the Exchange Act, the beneficial owner of such LLC interests.
- (7) Consists of LLC interests which the independent directors have a right, as of May 26, 2008, to acquire through the independent directors' equity plan.

**Table of Contents**

**AUDIT COMMITTEE REPORT**

Our audit committee is composed of three independent directors, all of whom are financially literate. In addition, the board has determined that each of Mr. Brown, an independent director and the chairman of the audit committee, and Mr. Carmany, an independent director and the chairman of the nominating and corporate governance committee, qualifies as an audit committee financial expert as defined by the SEC. The audit committee operates under a written charter, which reflects NYSE listing standards and Sarbanes-Oxley Act requirements regarding audit committees. A copy of the charter is available on the company's website at [www.macquarie.com/mjc](http://www.macquarie.com/mjc) under Investor Center/Governance.

The audit committee's primary role is to assist the board in fulfilling its responsibility for oversight of (1) the quality and integrity of the consolidated financial statements and related disclosures, (2) compliance with legal and regulatory requirements, (3) the independent auditors' qualifications, independence and performance and (4) the performance of our internal audit and control functions.

Management is responsible for the preparation of the financial statements, the financial reporting process and the system of internal controls. The independent auditors are responsible for performing an audit of the financial statements in accordance with auditing standards generally accepted in the United States, and issuing an opinion as to the conformity of those audited financial statements to U.S. generally accepted accounting principles. The audit committee monitors and oversees these processes.

The audit committee has adopted a policy designed to ensure proper oversight of our independent auditor. Under the policy, the audit committee is directly responsible for the appointment, compensation, retention and oversight of the work of any registered public accounting firm engaged for the purpose of preparing or issuing an audit report or performing any other audit review (including resolution of disagreements among management, the Manager, and the auditor regarding financial reporting), or attestation services. In addition, the audit committee is responsible for pre-approving any non-audit services provided by the company's independent auditors. The audit committee's charter also ensures that the independent auditor discusses with the audit committee important issues such as internal controls, critical accounting policies, any instances of fraud and the consistency and appropriateness of our accounting policies and practices.

The audit committee has reviewed and discussed with management and KPMG LLP, the independent auditor, the audited financial statements as of and for the year ended December 31, 2007. The audit committee has also discussed with KPMG LLP the matters required to be discussed by Statement on Auditing Standards No. 61 (Communication with Audit Committees). In addition, the audit committee has received from the independent auditor its written report required by Independence Standards Board Standard No. 1 (Independence Discussions with Audit Committees) and has discussed its independence from the company and its management. The audit committee also considered whether the non-audit services provided by KPMG LLP to us during 2007 were compatible with its independence as auditor.

Based on these reviews and discussions, the audit committee has recommended to the board, and the board has approved, the inclusion of the audited financial statements in the company's annual report on Form 10-K for the year ended December 31, 2007.

**Members of the Audit Committee**

Norman H. Brown, Jr., Chairman  
George W. Carmany, III  
William H. Webb





**Table of Contents**

**COMPENSATION COMMITTEE REPORT**

The company's compensation committee is composed of three independent directors, as determined by the board based on the NYSE corporate governance listing standards and the company's corporate governance guidelines. In addition, all members of the compensation committee are outside directors for purposes of Section 162(m) of the Internal Revenue Code, as amended, and non-employee directors within the meaning of Section 16 of the Exchange Act. The responsibilities of the compensation committee include reviewing the Manager's performance of its obligations under the management services agreement, reviewing the remuneration of the Manager, determining the compensation of the independent directors, granting rights to indemnification and reimbursement of expenses to the Manager and any seconded individuals and making recommendations to the board regarding the company's equity-based and incentive compensation plans, policies and programs. The compensation committee operates under a written charter adopted by the board, reflecting the NYSE rules for compensation committees in light of the company's external management structure. A copy of the charter is available on the company's website at [www.macquarie.com/mjc](http://www.macquarie.com/mjc) under Investor Center/Governance.

As described in the section Compensation of Directors in this proxy statement, our independent directors receive an annual cash retainer for serving on the board, fees for each committee meeting which they attend and an annual cash retainer for each committee they chair. In addition, independent directors are compensated with director LLC interest units that are granted under our independent directors equity plan and receive reimbursement for certain reasonable expenses related to their service as directors.

The compensation committee does not establish or review compensation policies with respect to our chief executive officer or chief financial officer since such individuals are employed by Macquarie Holdings (USA) Inc., an affiliate of the Manager, and are seconded to the company.

The foregoing report on executive compensation for 2008 is provided by the undersigned members of the compensation committee of the board.

The compensation committee has reviewed and discussed the Compensation Discussion and Analysis with the company's management. Since the company's named executive officers are not employed or compensated by the company, the Compensation Discussion and Analysis reflects a discussion of the elements and objectives of the Macquarie Group rather than the company. Based on this review and discussion, the compensation committee has recommended to the board, and the board has approved, the inclusion of the Compensation Discussion and Analysis in this Proxy Statement and its incorporation by reference into the company's annual report on Form 10-K for the year ended December 31, 2007.

**Members of the Compensation Committee**

William H. Webb, Chairman

Norman H. Brown, Jr.

George W. Carmany, III

*The information contained in the report above shall not be deemed to be soliciting material or to be filed with the SEC, nor shall such information be incorporated by reference into any future filing under the Exchange Act or the Securities Act of 1933, as amended, or the Securities Act, except to the extent that we specifically incorporate it by reference in such filing.*



**Table of Contents**

**CORPORATE GOVERNANCE**

**Corporate Governance Guidelines and Code of Ethics and Conduct**

Our board has adopted corporate governance guidelines that set forth our corporate governance objectives and policies and govern the functioning of the board. We also have a code of ethics and conduct that sets forth our commitment to ethical business practices. Our code of ethics and conduct applies to our directors, officers and employees, including our chief executive officer and senior financial officers, and also applies to our Manager, its employees and any affiliates of our Manager that perform management services for us pursuant to the management services agreement.

Our corporate governance guidelines and our code of ethics and conduct are available on our website at [www.macquarie.com/mic](http://www.macquarie.com/mic) under Investor Center/Governance and in print from us without charge upon request by writing to Investor Relations at Macquarie Infrastructure Company LLC, 125 West 55th Street, New York, New York 10019.

**Communications with our Board**

Communications to our board, any director individually or our lead independent director may be made by writing to the following address:

Attention: [Board of Directors] [Board Member] [Lead Independent Director]  
c/o Heidi Mortensen, General Counsel and Secretary  
125 West 55th Street  
New York, NY 10019  
United States of America

Additional information on the physical mailing address is available on our website at [www.macquarie.com/mic](http://www.macquarie.com/mic), under Investor Center/Governance.

Communications sent to the physical mailing address are forwarded to the relevant director, if addressed to an individual director or the lead independent director, or to the chairman of our board if addressed to the board.

**Table of Contents**

**CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS**

*In this section, we, us, and our refer to the company and its subsidiaries for all periods following the dissolution of the trust and to the company, the trust and the company's subsidiaries prior to that time.*

**Related Party Transactions Policies**

Our board recognizes that related party transactions present a heightened risk of conflicts of interest and therefore has adopted internal policies and protocols to be followed in connection with related party transactions.

The company's audit committee, all of the members of which are independent directors, is required to approve any related party transactions, including those involving Macquarie Group entities and vehicles managed by the Macquarie Group, regardless of the dollar amount of the transaction. The protocol applies to all transactions involving the company or any of its subsidiaries in which a Macquarie Group entity may receive a financial benefit.

In approving related persons transactions, the audit committee determines whether each related persons transaction referred to the committee is on arm's-length terms or better. The audit committee is authorized to request and review any factual information to enable them to determine whether a related person transaction is on arm's-length terms. This information may take the form of benchmarks comparing the terms of the proposed transaction to similar transactions involving unrelated parties or external fairness opinions.

Under the guidance of the audit committee, the company's chief executive officer and chief financial officer are responsible for managing any benchmarking or review process conducted in accordance with the protocol, in consultation with the company's general counsel. The company's general counsel is responsible for ensuring overall compliance with the protocol, including ensuring that related person transactions covered by the protocol are referred to the audit committee for approval, and for reporting such transactions at regular meetings of the company's board of directors. The company's risk and compliance manager is responsible for monitoring compliance with the protocol and educating all company employees, including those seconded by our Manager, about the protocol.

Our board has also adopted a written policy pursuant to which it has pre-approved certain types of transactions with related parties assuming certain conditions are met. The pre-approval policy permits foreign exchange, interest rate hedge and other routine financial transactions (such as the establishment of bank, brokerage and custodial accounts) for which the terms provided by the related party are equal or more favorable to us than those quoted by unaffiliated counterparties. All pre-approved transactions are included as a standing item in reports to the company's board at regular meetings of the board.

**Our Relationship with the Macquarie Group**

Prior to our initial public offering, we were a member of the Macquarie Group of companies. Macquarie Infrastructure Management (USA) Inc., our Manager, is a part of the Macquarie Group. From time to time, we have entered into, and in the future we may enter into, transactions and relationships involving the Macquarie Group, including those with Macquarie Group Limited (MGL), its affiliates, or vehicles managed by the Macquarie Group. As discussed above, our audit committee, all of the members of which are independent directors, is required to approve of any related person transactions, including those involving the Macquarie Group, except for those pre-approved by our board.

**Contractual Arrangements with our Manager**

***Our Manager's Investment in the Company and Registration Rights***

Our Manager acquired 2,000,000 shares of trust stock concurrently with the closing of our initial public offering in December 2004, with an aggregate purchase price of \$50.0 million, at a purchase price per share equal to the initial public offering price of \$25, which were exchanged for LLC interests on June 25, 2007. Pursuant to the terms of the management services agreement, our Manager may sell these LLC interests at any time. Our Manager has also received additional shares of trust stock and LLC interests (the LLC interests replacing the trust stock following the dissolution of the trust in June 2007) by reinvesting its performance fees as discussed below.

**Table of Contents**

We entered into a registration rights agreement with our Manager under which we agreed to file a shelf registration statement under the Securities Act relating to the resale of all shares (now LLC interests) owned by our Manager as soon as reasonably possible following December 21, 2005. In addition, our Manager may also require us to include its LLC interests in future registered offerings that we conduct, subject to cutback at the option of the underwriters of any such offering. On October 16, 2006, we filed a shelf registration statement on Form S-3 with the SEC, subsequently amended on June 25, 2007, which became automatically effective. The shelf registration statement covers resales by our Manager of any LLC interests registrable under the registration rights agreement. Concurrently with an equity offering by the company in July 2007, our Manager sold 599,000 of its LLC interests at a price of \$40.99 per LLC interest.

**Management Services Agreement**

*Management and Fees.* At the closing of our initial public offering, we entered into a management services agreement with our Manager pursuant to which our Manager manages our day-to-day operations and oversees the management teams of our operating businesses. In addition, our Manager has the right to appoint the Chairman of our board, and an alternate, subject to minimum equity ownership, and to assign, or second, to us, on a permanent and wholly-dedicated basis, employees to assume the role of chief executive officer and chief financial officer and second or make other personnel available as required. Our Manager's board appointees do not receive any compensation (other than out-of-pocket expenses) and do not have any special voting rights.

In accordance with the management services agreement, our Manager is entitled to a quarterly base management fee based primarily on our market capitalization and a performance fee, as defined, based on the performance of our LLC interests relative to a weighted average of two benchmark indices, a U.S. utilities index and a European utilities index, weighted in proportion to our equity investments. Currently, we have no non-U.S. equity investments. To be eligible for the performance fee, our Manager must deliver total shareholder returns for the quarter above the benchmark that are positive and in excess of any prior underperformance. Base management and performance fees payable to our Manager, and our Manager's reinvestment of the performance fee in the company's stock or LLC interests, for the years ended December 31, 2007, 2006 and 2005 were as follows:

	<b>2007</b>	<b>2006</b>	<b>2005</b>
		(\$ in thousands)	
Base management fees	\$ 21,677	\$ 14,497	\$ 9,294
Performance fees	\$ 43,962	\$ 4,134	\$
Reinvestment of performance fees in trust stock / LLC interests:			
December 2004 quarter fee (trust stock issued April 18, 2005)			433,001 shares
March 2006 quarter fee (trust stock issued June 27, 2006)		145,547 shares	
March 2007 quarter fee (LLC interests issued July 13, 2007)	21,972 interests		
June 2007 quarter fee (LLC interests issued October 1, 2007)	1,171,503 interests		

Base management fees for the first quarter of 2008 have not yet been determined.

Our Manager is not entitled to any other compensation and all costs incurred by our Manager, including compensation of seconded staff, are paid out of its management fee. However, we are responsible for other direct costs including, but not limited to, expenses incurred in the administration or management of our businesses and investments, income taxes, audit and legal fees, acquisitions and dispositions and compliance with applicable laws and regulations. During the year ended December 31, 2007, our Manager charged us \$303,000 for reimbursement of out-of-pocket expenses. During the year ended December 31, 2006, our Manager received a tax refund of \$377,000 on our behalf and paid out-of-pocket expenses of \$360,000 on our behalf.

*Acquisition Opportunities.* Under the terms of the management services agreement, our Manager has exclusive responsibility for reviewing and making recommendations to the board with respect to acquisition opportunities and dispositions. In the event that an opportunity is not originated by our Manager, our board must

**Table of Contents**

seek a recommendation from our Manager prior to making a decision concerning any acquisition or disposition. Our Manager and its affiliates refer to the company's board of directors any acquisition opportunities in accordance with the U.S. acquisition priorities below that are made available to the MacCap Funds group of the Macquarie Group unless our chief executive officer determines that such opportunity does not meet our acquisition criteria adopted by the company's board of directors.

We have first priority ahead of all current and future entities managed by our Manager or by members of the Macquarie Group within the MacCap Funds group in each of the following infrastructure acquisition opportunities that are within the United States:

**Sector**

Airport fixed base operations

District energy

Airport parking

User pays assets, contracted assets and regulated assets (as defined below) that represent an investment of greater than AUD 40 million (\$36.5 million as of March 31, 2008), subject to the following qualifications:

Roads

The company has second priority after Macquarie Infrastructure Group, any successor thereto or spin-off managed entity thereof or any one managed entity to which Macquarie Infrastructure Group has transferred a substantial interest in its U.S. Assets; provided that, in the case of such transferee, both Macquarie Infrastructure Group and such entity are co-investing in the proposed investment.

Airport ownership

The company has second priority after Macquarie Airports (consisting of Macquarie Airports Group and Macquarie Airports), any successor thereto or spin-off managed entity thereof or any one managed entity to which Macquarie Airports has transferred a substantial interest in its U.S. Assets; provided that, in the case of such transferee, both Macquarie Airports and such entity are co-investing in the proposed investment.

Communications

The company has second priority after Macquarie Communications Infrastructure Group, any successor thereto or spin-off managed entity thereof or any one managed entity to which Macquarie Communications Infrastructure Group has transferred a substantial interest in its U.S. Assets; provided that, in the case of such transferee, both Macquarie Communications Infrastructure Group and such entity are co-investing in the proposed investment.

User pays assets mean businesses that are transportation related and derive a majority of their revenues from a per use fee or charge.



Contracted assets mean businesses that derive a majority of their revenues from long-term contracts with other businesses or governments.

Regulated assets mean businesses that are the sole or predominant providers of at least one essential service in their service areas and where the level of revenue earned or charges imposed are regulated by government entities.

The company has first priority ahead of all current and future entities managed by our Manager or any Manager affiliate in all investment opportunities originated by a party other than our Manager or any Manager affiliate where

**Table of Contents**

such party offers the opportunity exclusively to the company and not to any other entity managed by our Manager or any Manager affiliate within the MacCap Funds group.

*Preferred Financial Advisor.* Affiliates of the Macquarie Group, including Macquarie Capital (USA) Inc. (formerly Macquarie Securities (USA) Inc.), or MCUSA, have preferred provider status in respect of any financial advisory services to be contracted for by us. We will contract for such services on an arm's-length basis on market terms upon approval by our audit committee. Any fees payable for such financial advisory services are in addition to fees paid under the management services agreement.

**Advisory Services from the Macquarie Group**

The Macquarie Group, and wholly-owned subsidiaries within the Macquarie Group, including MBL, MSUSA, and Macquarie Securities (Australia) Limited, or MSAL, have provided various advisory and other services and have incurred expenses in connection with our acquisitions, dispositions and underlying debt. In 2007, amounts relating to these transactions comprise the following (\$ in thousands):

*Year Ended December 31, 2007*

Acquisition of Supermarine FBOs	advisory services from MSUSA	\$ 1,329
	debt arranging services from MSUSA	163
Acquisition of Mercury FBOs	advisory services from MSUSA	5,538
	out-of-pocket expenses to MSUSA	30
Acquisition of San Jose FBOs	advisory services from MSUSA	2,004
Acquisition of Rifle FBO	advisory services from MSUSA	303
Acquisition of The Gas Company (2006)	debt arranging services from MSUSA	119
	(additional fee due to finalization of working capital adjustment on the purchase price)	
Refinancing of district energy business debt	debt arranging services from MSUSA	1,414
Refinancing of airport services business debt	debt arranging services from MSUSA	3,395
Equity offering	underwriting services from MSUSA	2,041
Reimbursement of out-of-pocket expenses	out-of-pocket expenses to the Macquarie Group for various advisory roles	21

We also entered into an advisory agreement with MSUSA relating to the acquisition of Seven Bar FBOs and paid \$822,000 for advisory services under this agreement in March 2008, when the acquisition was completed.

In 2007, the company reimbursed affiliates of MGL for nominal amounts in relation to professional services and rent expense for premises used in Luxembourg by one of our wholly-owned subsidiaries. We have and will continue to enter into other financial advisory arrangements with MSUSA or other members of the Macquarie Group from time to time in connection with contemplated and future debt and equity transactions.

**Table of Contents****Long-Term Debt**

Prior to the refinancing of our airport services business in October 2007, MBL had provided a portion of the previous loan facility to our airport services business. Amounts relating to the portion of the loan from MBL comprise the following (\$ in thousands):

Portion of loan outstanding from MBL, as at March 31, 2008	\$
Portion of loan facility commitment provided by MBL, as at March 31, 2008	
Maximum balance on loan outstanding from MBL during 2007	50,000
Principal payments to MBL during 2007	50,000
Interest expense on MBL portion of loan for 2007 (at LIBOR plus 1.75%)	2,867
Financing fees paid in 2007 to MBL from Mercury and San Jose acquisitions	200

In 2007, we had a \$300.0 million revolving credit facility with various financial institutions, including MBL. In February 2008, we entered into an amended and restated revolving credit facility with a number of lenders, including Macquarie Finance Americas Inc., a subsidiary of MBL (MFA). Amounts relating to the portion of the revolving credit facilities from Macquarie Group companies comprise the following (\$ in thousands):

*2008 (as at March 31)*

Portion of revolving credit facility outstanding from MFA, as at March 31, 2008 and maximum balance through March 31, 2008	\$ 12,444
Portion of revolving credit facility commitment provided by MFA, as at March 31, 2008	66,667
Interest expense on MFA portion of revolving credit facility for first quarter 2008 (at LIBOR plus 2.75%)	80
Fees paid to MFA in February 2008 under the second amended and restated revolving credit facility (through March 31, 2008)	333

*2007*

Portion of revolving credit facility outstanding from MBL, as at December 31, 2007	\$
Portion of revolving credit facility commitment provided by MBL, as at December 31, 2007	50,000
Maximum balance on revolving credit facility outstanding from MBL during 2007	10,000
Principal payments to MBL during 2007	10,000
Interest expense on MBL portion of revolving credit facility for 2007 year (at LIBOR plus 1.25%)	130

In April 2007, MBL assigned to a third party all of its rights and obligations under the revolving credit facility agreement related to \$50.0 million of its aggregate commitment, which was originally \$100.0 million.

**Derivative Instruments and Hedging Activities**

We have derivative instruments in place to fix the interest rate on outstanding term loan facilities. At December 31, 2007, our airport services business had \$900.0 million of its term loans hedged, of which MBL was providing the interest rate swaps for a notional amount of \$343.3 million. The remainder of the swaps are from external parties. During the year ended December 31, 2007, MBL made net payments to our airport services business of \$732,000 in relation to these swaps.

At December 31, 2007, our gas production and distribution business had \$160.0 million of its term loans hedged, of which MBL was providing the interest rate swaps for a notional amount of \$48.0 million. The remainder of the swaps are from external parties. During the year ended December 31, 2007, MBL made payments to our gas production and distribution business of \$328,000 in relation to these swaps.

**Table of Contents**

**SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE**

Section 16(a) of the Exchange Act requires our Manager and our directors and officers, and persons who beneficially own more than ten percent of our LLC interests, to file initial reports of ownership and reports of changes in ownership of our LLC interests and our other equity securities with the Securities and Exchange Commission. As a practical matter, we assist our Manager and our directors and officers by monitoring transactions and completing and filing Section 16 reports on their behalf. In 2007, the following transactions were not timely reported:

An open market transaction by Ms. Wikramanayake, our former alternate chairman, was reported one day late due to the large number of individual trades required to be reported.

Transactions reflected on several reports that were filed in a timely manner but mistakenly under Macquarie Infrastructure Company Trust due to management's administrative error were subsequently refiled under Macquarie Infrastructure Company LLC. The reported transactions or events consist of Mr. Mentzines' initial report upon joining our board, an open market sale transaction by Mr. Carmany, a gift transaction by Mr. Brown, and Ms. Wikramanayake's report reflecting her resignation from our board.

**SHAREHOLDER PROPOSALS FOR THE 2009 ANNUAL MEETING OF SHAREHOLDERS**

To be considered for inclusion in our proxy statement for the 2009 Annual Meeting of Shareholders, shareholder proposals must be received by the company no later than January 27, 2009 and no earlier than December 28, 2008. In order to be included in company-sponsored proxy materials, shareholder proposals will need to comply with Rule 14a-8 promulgated under the Exchange Act. If you do not comply with Rule 14a-8, we will not be required to include the proposal in the proxy statement and the proxy card we will mail to shareholders. No other business (other than matters included in our proxy statement in accordance with Rule 14a-8) may be presented for action at the annual meeting unless a shareholder gives timely notice of the proposal in writing to the Secretary. To be timely, a shareholder's notice is required to be delivered to the Secretary not less than 120 days or more than 150 days prior to the first anniversary of the preceding year's annual meeting. Shareholder proposals should be sent to Macquarie Infrastructure Company LLC, 125 West 55th Street, New York, New York 10019, United States of America, Attention: General Counsel and Secretary.

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION REPORTS**

**Copies of our annual report on Form 10-K for the fiscal year ended December 31, 2007, as filed with the SEC, are available to shareholders free of charge on our website at [www.macquarie.com/mic](http://www.macquarie.com/mic) under Investor Center/SEC Filings or by writing to us at 125 West 55th Street, New York, New York 10019, United States of America, Attention: Investor Relations.**

**OTHER MATTERS**

We know of no other business that will be brought before the Annual Meeting. If any other matter or any proposal should be properly presented and should properly come before the meeting for action, the persons named in the accompanying proxy will vote upon such proposal at their discretion and in accordance with their best judgment.

**Table of Contents**

**Mark, Sign, Date and Return  
the Proxy Card Promptly  
Using the Enclosed Envelope.**

**x  
Votes must be indicated  
(x) in Black or Blue ink.**

Macquarie Infrastructure Company LLC's Board of Directors Recommends a Vote FOR Proposals 1 and 2, below.

1. To elect as directors all nominees listed (except as marked to the contrary below): **FOR AGAINST ABSTAIN**

**WITHHOLD FOR ALL EXCEPT** 2. To ratify the appointment of KPMG LLP as  
**FOR** c c c independent auditor: c c c

Nominees: 01 Norman H. Brown, Jr., 02 George W. Carmany, III, 03 William H. Webb

**INSTRUCTION: To withhold authority to vote for any individual nominee, mark** To change your c  
**For All Except** box and strike a line through the nominee's name. Your shares will be address, please mark c  
**voted for the remaining nominee(s).** this box.  
To include any  
comments, please  
mark this box. c

**SCAN LINE**

Sign exactly as imprinted (do not print). If shares are held jointly, EACH holder should sign. Executors, administrators, trustees, guardians and others signing in a representative capacity should indicate the capacity in which they sign. An authorized officer signing on behalf of a corporation should indicate the name of the corporation and the officer's title.

Date Share Owner sign Co-Owner sign here  
here

Table of Contents

**MACQUARIE INFRASTRUCTURE COMPANY  
THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS  
FOR THE 2008 ANNUAL MEETING OF SHAREHOLDERS TO BE HELD ON MAY 27, 2008.**

The undersigned hereby appoints Peter Stokes and Frank Joyce, and each of them, attorneys and proxies with full power of substitution, to represent and to vote on behalf of the undersigned all of the LLC interests of Macquarie Infrastructure Company LLC that the undersigned is entitled in any capacity to vote if personally present at the 2008 Annual Meeting of Shareholders to be held on May 27, 2008, and at any adjournments or postponements thereof, in accordance with the instructions set forth on the reverse and with the same effect as though the undersigned were present in person and voting such shares. The proxies are authorized in their discretion to vote for the election of a person to the board of directors if any nominee named herein becomes unable to serve or for good cause will not serve, upon all matters incident to the conduct of the meeting, and upon such other business as may properly come before the meeting.

**PLEASE RETURN THIS PROXY CARD AFTER SIGNING AND DATING IT.  
THIS PROXY WILL BE VOTED AS DIRECTED. IF THIS PROXY IS SIGNED, BUT NO  
DIRECTION IS MADE, IT WILL BE VOTED IN ACCORDANCE WITH THE  
RECOMMENDATION OF THE BOARD OF DIRECTORS OF MACQUARIE INFRASTRUCTURE  
COMPANY LLC.**

(Continued and to be dated and signed on reverse side.)

MACQUARIE INFRASTRUCTURE  
COMPANY  
PROXY PROCESSING  
P.O. BOX 3548  
S HACKENSACK NJ 07606-9248