Macquarie Infrastructure Co LLC
Form 10-K
February 19, 2014

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

FORM 10-K

(Mark One)

x **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the Fiscal Year Ended December 31, 2013

OR

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

Commission File Number: 001-32384

Macquarie Infrastructure Company LLC

(Exact Name of Registrant as Specified in Its Charter)

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

125 West 55th Street
New York, New York 10019

(Address of Principal Executive Offices) (Zip Code)

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

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

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

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

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

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

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

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).Yes x No o

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

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

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

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

The aggregate market value of the outstanding shares of stock held by non-affiliates of Macquarie Infrastructure Company LLC at June 28, 2013 was $2,635,596,891 based on the closing price on the New York Stock Exchange on that date. This calculation does not reflect a determination that persons are affiliates for any other purposes.

There were 56,349,701 shares of stock without par value outstanding at February 19, 2014.

DOCUMENTS INCORPORATED BY REFERENCE

The definitive proxy statement relating to Macquarie Infrastructure Company LLC s Annual Meeting of Shareholders for fiscal year ended December 31, 2013, to be held May 21, 2014, is incorporated by reference in Part III to the extent described therein.

MACQUARIE INFRASTRUCTURE COMPANY LLC

TABLE OF CONTENTS

	Page
PART I	
Item 1. Business	3
Item 1A. Risk Factors	23
Item 1B. Unresolved Staff Comments	43
Item 2. Properties	43
Item 3. Legal Proceedings	45
Item 4. Mine Safety Disclosures	45
PART II	
Item 5. Market for Registrant s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities	46
Item 6. Selected Financial Data	48
Item 7. Management s Discussion and Analysis of Financial Condition and Results of Operations	51
Item 7A. Quantitative and Qualitative Disclosures About Market Risk	103
Item 8. Financial Statements and Supplementary Data	105
Item 9. Changes in and Disagreements With Accountants on Accounting and Financial Disclosure	161

Item 9A. Controls and Procedures 161
Item 9B. Other Information 163
PART III
Item 10. Directors, Executive Officers and Corporate Governance 163
Item 11. Executive Compensation 163
Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters 164
Item 13. Certain Relationships and Related Transactions and Director Independence 164
Item 14. Principal Accountant Fees and Services 164
PART IV
Item 15. Exhibits and Financial Statement Schedules 164

TABLE OF CONTENTS

FORWARD-LOOKING STATEMENTS

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

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

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

changes in general economic, business or demographic conditions or trends in the United States or changes in the political environment, level of travel or construction or transportation costs where we operate, including changes in interest rates and price levels;

our holding company structure and/or investments in businesses that we may not control, may limit our ability to pay or increase a dividend or receive timely and accurate information;

changes in patterns of commercial or general aviation air travel, including variations in customer demand for our business;

our Manager s affiliation with the Macquarie Group or equity market sentiment, which may affect the market price of our LLC interests;

our limited ability to remove our Manager for underperformance and our Manager s right to resign;

payment of performance fees to our Manager, if any, that could reduce distributable cash if paid in cash or could dilute existing shareholders if satisfied with the issuance of our shares;

our ability to service, comply with the terms of and refinance at maturity our substantial indebtedness;

our ability to make, finance and integrate acquisitions and the quality of financial information and systems of acquired entities;

our ability to implement our operating and internal growth strategies;

our ability to enhance the management of or the financial planning and analysis function at IMTT;

the regulatory environment, including U.S. energy policy, in which our businesses and the businesses in which we hold investments operate and our ability to estimate compliance costs, comply with any changes thereto, rates implemented by regulators of our businesses and the businesses in which we hold investments, and our relationships and rights under and contracts with governmental agencies and authorities;

unanticipated or unusual behavior of the City of Chicago brought about by the financial distress of the city;

the extent to which federal spending cuts, including potentially those resulting from sequestration, reduce the U.S. military presence on Hawaii or flight activity at airports on which Atlantic Aviation operates;

TABLE OF CONTENTS

fluctuations in fuel costs, or the costs of supplies upon which our gas processing and distribution business is dependent, and our ability to recover increases in these costs from customers;
changes in U.S. domestic demand for chemical, petroleum and vegetable and animal oil products, the relative availability of tank storage capacity and the extent to which such products are imported;
technological innovations leading to a change in energy, production, distribution and consumption patterns;
changes in electricity or other energy costs, including natural gas pricing;
the competitive environment for attractive acquisition opportunities facing our businesses and the businesses in which we hold investments;
environmental risks, including the impact of climate change and weather conditions, pertaining to our businesses and the businesses in which we hold investments;
work interruptions or other labor stoppages at our businesses or the businesses in which we hold investments;
changes in the current treatment of qualified dividend income and long-term capital gains under current U.S. federal income tax law and the qualification of our income and gains for such treatment;
disruptions or other extraordinary or force majeure events affecting the facilities or operations of our businesses and the businesses in which we hold investments and our ability to insure against any losses resulting from such events or disruptions; and
our ability to make alternate arrangements to account for any disruptions or shutdowns that may affect the facilities of our suppliers or the operation of the barges upon which our gas processing and distribution business is dependent.

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

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

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

TABLE OF CONTENTS

PART I

ITEM 1. BUSINESS

Macquarie Infrastructure Company, LLC, a Delaware limited liability company, was formed on April 13, 2004. Except as otherwise specified, Macquarie Infrastructure Company , MIC , we , us , and our refer to the Company a subsidiaries together from June 25, 2007 and, prior to that date, to the Trust, the Company and its subsidiaries. Macquarie Infrastructure Management (USA) Inc., which we refer to as our Manager, is part of the Macquarie Group, comprised of Macquarie Group Limited and its subsidiaries and affiliates worldwide.

General

We own, operate and invest in a diversified group of infrastructure businesses that provide basic services to businesses and individuals primarily in the U.S. The businesses we own and operate include:

International Matex Tank Terminals or IMTT : a 50% interest in a bulk liquid terminals business, which provides bulk liquid storage and handling services at ten marine terminals in the United States and two in Canada and is one of the largest participants in this industry in the U.S., based on storage capacity;
Hawaii Gas: a full-service gas energy company processing and distributing gas products and providing related services in Hawaii;
Atlantic Aviation: an airport services business providing products and services, including fuel and aircraft hangaring/parking, to owners and operators of general aviation aircraft at 63 airports in the U.S.; and
Contracted Power and Energy (CP&E): consists of controlling interests in five contracted power generation facilities (**Contracted Power**, or **CP**) located in the southwest U.S. and a 50.01% controlling interest in a district energy business (**District Energy**, or **DE**) which operates one of the largest district cooling systems in the U.S.

Prior to 2013 year-end, we reported Contracted Power and District Energy in separate reportable segments. We assessed our businesses and operating segments and determined to combine these two businesses into one reportable segment covering our long-term Contracted Power and Energy segment, which we believe better reflects how our businesses are managed and allocated capital. Segment results for all periods presented in this report reflect the new segment structure. See Note 13 Reportable Segments in the Notes to Consolidated Financial Statements set forth in Part II, Item 8 of this report for segment financial information.

Our infrastructure businesses generally operate in sectors with limited direct competition and significant barriers to entry, including high initial development and construction costs, the existence of long-term contracts or the requirement to obtain government approvals and a lack of immediate cost-efficient alternatives to the services provided. Overall they tend to generate sustainable long-term cash flows.

We have elected to treat MIC as a corporation for federal tax purposes. As a result, all investor tax reporting regarding dividends and/or return of capital will be provided on Form 1099.

Our Manager

MIC is managed externally by Macquarie Infrastructure Management (USA) Inc. (MIMUSA or Manager). MIMUSA is a member of the Macquarie Group, a diversified international provider of financial, advisory and investment services. The Macquarie Group is headquartered in Sydney, Australia and is a global leader in management of infrastructure investment vehicles on behalf of third-party investors and advising on the acquisition, disposition and financing of infrastructure assets.

We have entered into a management services agreement with MIMUSA. MIMUSA is responsible for our day-to-day operations and affairs and oversees the management teams of our operating businesses. MIC does not have any employees at MIC Corporate, or the Holding Company , rather MIMUSA has assigned, or seconded, to the Company two of its employees to serve as chief executive officer and chief financial officer

3

TABLE OF CONTENTS

of the Company and seconds or makes other personnel available as required. The services performed for the Company by the Manager are provided at our Manager s expense, and include the compensation of our seconded personnel.

We pay MIMUSA a monthly base management fee based primarily on our market capitalization. Our Manager can also earn a performance fee if the quarterly total return to shareholders (capital appreciation plus dividends) exceeds the quarterly total return of a U.S. utilities index. For MIMUSA to earn the performance fee, MIC s quarterly total returns must be positive and in excess of any prior underperformance. If payable, the performance fee is equal to 20% of the difference between the benchmark return and the return for our shareholders. Our Manager may, in its sole discretion, choose to retain base and/or performance fees, if applicable, in cash or to reinvest such fees in additional LLC interests. Please see the Second Amended and Restated Management Services Agreement filed as an exhibit to this Annual Report on Form 10-K for a complete description of the compensation of our Manager.

On September 30, 2013, Macquarie Infrastructure Company LLC entered into a Second Amended and Restated Management Services Agreement (the Amended Agreement), among the Company, Macquarie Infrastructure Company Inc. and the Manager. The amendments to the agreement revised the payment mechanics related to the base management fee payable by the Company to the Manager, and aligned the share price used to calculate the base management fee with the share price at which the Manager may reinvest the base management fee in LLC interests. Effective October 1, 2013, pursuant to the Amended Agreement, base management fees are calculated and payable monthly rather than quarterly. In addition, the Manager has elected to invest its fees in LLC interests, and can only change this election during an 18-trading day window following the Company s earnings release. Any change would apply to fees paid thereafter. Accordingly, shareholders would have notice of the Manager s intent to receive fees in cash rather than reinvest before the change was effective. Performance fees continue to be calculated and, if generated, paid quarterly. No substantive changes to the formulas or methodology used to calculate the amount of the base management or performance fees that may be due to the Manager were made. The Amended Agreement also made certain non-substantive changes to eliminate parties and provisions that are no longer relevant.

We believe that Macquarie Group s demonstrated expertise and experience in the management, acquisition and funding of infrastructure businesses provide us with an advantage in pursuing our strategy. Our Manager is part of the Macquarie Funds Group, the asset management division of Macquarie globally. Macquarie-managed entities own, operate and/or invest in a global portfolio of approximately 118 businesses including toll roads, airports and airport-related infrastructure, bulk liquid terminals, ports, communications, electricity and gas distribution networks, water utilities, renewable energy generation, rail and ferry assets across 26 countries.

Industry

Infrastructure businesses, in general, tend to generate sustainable cash flows resulting from relatively inelastic customer demand and their strong competitive positions. Characteristics of infrastructure businesses typically include:

- ownership of long-lived, high-value physical assets that are difficult to replicate or substitute around;
- consistent, relatively inelastic demand for their services;
- scalability, such that relatively small amounts of growth can generate significant increases in earnings before interest, taxes, depreciation and amortization, or EBITDA;
- the provision of basic, often essential services;
- generally predictable maintenance capital expenditure requirements; and
- strong competitive positions, largely due to high barriers to entry, including:
  - high initial development and construction costs;
  - difficulty in obtaining suitable land on which to operate the business;

long-term, exclusive concessions or leases and customer contracts; and

TABLE OF CONTENTS

lack of cost-effective alternatives to customers in the foreseeable future.

In addition to the benefits associated with these characteristics, the revenues generated by most of our infrastructure businesses generally can be expected to keep pace with inflation. The price escalators built into many customer contracts, and the inflation and cost pass-through adjustments typically a part of pricing terms in user pays businesses or provided for by the regulatory process to regulated businesses, serve to insulate infrastructure businesses to a significant degree from the negative effects of inflation and commodity price risk. We sometimes employ interest rate hedging contracts in connection with our businesses floating rate debt to effectively fix our interest expense and reduce variability in cash flows resulting from changes in interest rates.

We focus on the ownership and operation of infrastructure businesses in the following categories:

- those with revenues derived from per-use or rental charges in medium-term contracts (3 5 years), such as at IMTT, or in our CP&E segment where a majority of the revenues are derived from long-term (20 25 years) power purchase agreements (PPAs) with local electric utilities or other long-dated contracts with businesses and governmental entities;
- those with regulated revenue such as the utility operations of Hawaii Gas; and,
- those with long-dated concessions, such as Atlantic Aviation, where revenue is a function of the number of aircraft that use the services of our fixed base operations, or FBOs.

Strategy

There are four principal components to our corporate strategy:

1. We intend to function as a dividend growth-oriented owner and operator of a diversified portfolio of infrastructure businesses. We define infrastructure businesses as those having high value, long-lived physical assets, preferred positions in their respective markets, or revenues that are principally a function of contract/regulation.
2. We intend to drive performance improvement in the businesses we own and those in which we have invested, primarily along these dimensions:
   - environmental, social and governance;
   - gross profit growth including through the execution of growth projects;
   - expense and tax management; and
   - capital structure optimization.
3. We intend to deploy internally generated capital and available debt capital in a prudent balance between quarterly cash dividends to our shareholders and investments in the growth of existing businesses.
4. We intend, when it is economically sensible to do so, to raise external debt and equity capital and to grow through the acquisition of additional businesses that will enhance and diversify our portfolio.

Our Businesses and Investments

Use of Non-GAAP measures

We believe that our proportionately combined metrics, including proportionately combined gross profit, proportionately combined EBITDA excluding non-cash items, proportionately combined cash interest, proportionately combined cash taxes, proportionately combined maintenance capital expenditures, proportionately combined Free Cash Flow, proportionately combined Free Cash Flow per share, proportionately combined growth capital expenditures, and proportionately combined net debt, some of which are used in this Form 10-K, provide our investors and management with additional insight into the financial results and cash generated as a result of our varied ownership interests in our businesses and investments. When we refer to the proportionately combined net debt and resultant leverage ratios, we exclude: (1) the net debt associated with CP&E as the capital structure of that business is more project finance related and the size

5

of that reporting segment, on a proportionately combined basis, is minimal; and (2) any cash on hand at Holding Company. Given the nature of the businesses we own and our varied ownership levels of these businesses, management believes that GAAP measures such as net income and cash from operating activities do not fully reflect all of the items that our management considers in assessing the amount of cash generated by our ownership interest in our businesses and investments.

We note that proportionately combined metrics used by us may be calculated in a different manner by other companies, which may limit their usefulness as a comparative measure. Therefore, our proportionately combined metrics should be used as a supplement to, and not in lieu of, of our financial results reported under GAAP.

Our proportionately combined financial measures are those attributable to MIC s ownership interest in each of our operating businesses and MIC Corporate. See Management s Discussion and Analysis of Financial Condition and Results of Operations Results of Operations Summary of Our Proportionately Combined Results in Part II, Item 7, for our proportionately combined share of gross profit, EBITDA excluding non-cash items and Free Cash Flow for the years ended December 31, 2013 and 2012. The gross profit, EBITDA excluding non-cash items and Free Cash Flow are derived from the Results of Operations of our investments and businesses described below.

See Management s Discussion and Analysis of Financial Condition and Results of Operations Results of Operations in Part II, Item 7 for further information for each of our businesses and Corporate and Other segment to see a reconciliation of EBITDA excluding non-cash to net income (loss), its closest comparable GAAP measure, and see reconciliation of Free Cash Flow to cash provided by (used in) operating activities, its closest comparable GAAP measure.

IMTT

Business Overview

We own 50% of IMTT. The remaining 50% is owned by a trust for the benefit of members of the founding family. IMTT stores or handles petroleum products, various chemicals, renewable fuels and vegetable and animal oils. IMTT is one of the larger independent providers of bulk liquid terminal services in the U.S., based on capacity.

IMTT also owns OMI Environmental Solutions, or Oil Mop, an environmental emergency response, industrial services, waste transportation and disposal business. Oil Mop has a network of facilities along the U.S. Gulf Coast between Houston and New Orleans. These facilities primarily service the Gulf region, but also respond to spill events and provide services as needed throughout the United States and internationally.

The table below summarizes the proportion of the terminal revenue generated from the commodities stored at IMTT s U.S. terminals for the year ended December 31, 2013:

Proportion of Terminal Revenue from Major Commodities Stored			
Petroleum/Asphalt	Chemical	Renewable/Vegetable & Animal Oil	Other
66%	24 %	7 %	3 %

Summary financial information for 100% of IMTT is as follows ($ in millions):

	As of, and for the Year Ended, December 31,		
	2013	2012	2011
Revenue	$ 513.9	$ 474.4	$ 447.1
EBITDA excluding non-cash items[(1)]	268.5	231.7	206.4
Total assets	1,378.9	1,323.9	1,264.0

(1) See Business Our Business and Investments in Part I, Item 1 and Management s Discussion and Analysis of Financial Condition and Results of Operations Results of Operations in Part II, Item 7 for further information and a reconciliation of net income (loss) to EBITDA excluding non-cash items.

6

TABLE OF CONTENTS

IMTT (continued)

Industry Overview

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

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

Potential entrants into the bulk liquid terminals business face several barriers. Strict environmental regulations, availability of waterfront land with the necessary access to land-based infrastructure, local community resistance to new fuel/chemical sites, and high initial investment costs limit the construction of new bulk liquid terminal facilities. These deterrents are most formidable around waterways near major urban centers. As a consequence, new tanks are generally built where existing docks, pipelines and other infrastructure can support them, resulting in higher returns on invested capital. However, restrictions on land use, difficulties in securing environmental permits, and the potential for operational bottlenecks due to infrastructure constraints may limit the ability of existing terminals to expand the storage capacity of their facilities.

Strategy

MIC believes that the key components of IMTT s strategy should be:

1. to drive growth in revenue and cash flows by attracting and retaining customers who place a premium on flexibility, speed and efficiency in bulk liquid terminals;
2. to develop existing locations, especially in the Lower Mississippi River, by constructing new tanks, docks, rail offloading capacity, pipelines or other logistics infrastructure when such construction is supported by customer demand and the returns to IMTT s shareholders are attractive; and
3. to improve governance, business processes and systems generally, with particular focus on financial planning and analysis capabilities, which may require changing some of the personnel of the executive management team.

IMTT (continued)

Locations

The following table summarizes the location of each IMTT facility, the corresponding storage capacity in service and ship and barge docks available for product transfer. This information is as of December 31, 2013 and does not include tanks used in packaging, recovery tanks, and/or other storage capacity not typically available for rent.

Facility	Land	Aggregate Capacity of Storage Tanks in Service (Millions of Barrels)	Number of Ship & Barge Berths in Service
Facilities in the United States:			
St. Rose, LA*	Owned	16.2	18
Bayonne, NJ	Owned	15.9	20
Gretna, LA*	Owned	2.3	5
Avondale, LA*	Owned	1.1	3
Geismar, LA*	Owned	0.9	3
Lemont, IL	Owned/Leased	0.9	3
Joliet, IL	Owned	0.8	2
Richmond, CA	Owned	0.7	1
Chesapeake, VA	Owned	1.0	1
Richmond, VA	Owned	0.4	1
Facilities in Canada:			
Quebec City, Quebec(1)	Leased	2.0	2
Placentia Bay, Newfoundland(2)	Leased	3.0	2
Total		45.2	61

* Collectively the Louisiana facilities.

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

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

All facilities have marine access, road access and, except for Richmond, Virginia and Placentia Bay, Newfoundland, all sites have rail access.

St. Rose/Gretna/Avondale/Geismar, Louisiana (46% terminal revenue and 53% terminal gross profit)

On the Lower Mississippi River, IMTT currently operates four terminals (St. Rose, Gretna, Avondale and Geismar). With combined storage capacity of 20.5 million barrels, the four sites give IMTT substantial market share in storage of black oil, bulk liquid chemicals and vegetable oils on the Lower Mississippi River.

The Louisiana facilities also give IMTT a substantial presence in a key domestic transport hub. The Lower Mississippi River serves as a major transshipment point between the central United States and the rest of the world for agricultural products (such as vegetable oils) and commodity chemicals (such as methanol). The region also has substantial traffic related to the petroleum industry. Gulf Coast refiners and traders send products to other regions of the U.S. and overseas and use IMTT s Louisiana facilities to perform some of these functions.

Bayonne, New Jersey (41% terminal revenue and 39% terminal gross profit)

Located on the Kill Van Kull between New Jersey and Staten Island, the 15.9 million barrel capacity terminal occupies an advantageous position in New York Harbor, or NYH. As the largest independent bulk liquid terminal in NYH, IMTT-Bayonne has substantial market share for third-party storage of refined petroleum products and chemicals.

8

IMTT (continued)

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

IMTT-Bayonne has the capability to quickly load and unload the largest bulk liquid transport ships entering NYH. The U.S. Army Corp of Engineers (USACE) has dredged the Kill Van Kull channel passing the IMTT-Bayonne docks to 50 feet (to date, IMTT has dredged two of its docks to 45 feet). Most competitors in NYH have facilities located on the southern portion of the Arthur Kill (water depth of approximately 35 feet) and force large ships to transfer a portion of their cargoes to barges (a process known as lightering) before docking. This technique increases the cost of loading and unloading.

Competition

The competitive environment in which IMTT operates varies by terminal location. The principal competition for each of IMTT s facilities comes from other bulk liquid terminals facilities located in the same regional market.

The main terminal operation competitors include (in alphabetical order): American Midstream Partners, LP; Bahamas Oil Refining Company International Limited; Battleground Oil Specialty Terminal Company LLC; Bluenight Energy Partners L.P.; Buckeye Partners, L.P.; Enbridge Energy Partners L.P.; Energy Transfer Partners L.P.; Enterprise Products Partners L.P.; Genesis Energy L.P.; Holly Energy Partners L.P.; Houston Fuel Oil Terminal Company; Kinder Morgan Energy Partners, L.P.; Magellan Midstream Partners, L.P.; NuStar Energy L.P.; Odfjell Group; Oiltanking Partners, L.P.; Plains All American Pipeline, L.P.; Royal Vopak N.V.; Sunoco Logistics Partners L.P.; Tesoro Logistics L.P.; TransMontaigne Partners L.P.; and Vitol Holding B.V.

Certain financial institutions may also be competitors. These include: Alinda Capital Partners LLC; ArcLight Capital Partners; The Blackstone Group L.P.; The Carlyle Group L.P.; EQT Infrastructure Funds; First Reserve Corporation; Global Infrastructure Partners; Highstar Capital; KKR Co. L.P.; Lindsay Goldberg LLC; and TPG Capital L.P.

Customers

IMTT provides bulk liquid terminal services primarily to vertically integrated petroleum product producers and refiners, chemical manufacturers, food processors and traders of bulk liquid petroleum, chemical and agricultural products. No customer represented more than 10% of IMTT s consolidated revenues and accounts receivable for the year ended and at December 31, 2013 and 2012.

Customer Contracts/Agreements

IMTT contracts may comprise:

- terms of three to five years;

a fixed periodic payment (usually monthly), similar to an availability payment, for access to and use of IMTT s infrastructure. This may be expressed in terms of cents per barrel of storage capacity, a dollar amount per unit of infrastructure, or a dollar amount per month. These amounts are payable whether the infrastructure is used or not;

a specified number of product movements into and out of a storage tank and throughput rates for movements in excess of this number;

charges for heating heavy products which essentially reflect a pass-through of IMTT s cost;

charges for other ancillary services;

annual inflation based escalators;

9

TABLE OF CONTENTS

IMTT (continued)

provisions that ensure customers retain title to products stored and have responsibility for securing insurance or self insuring against loss;
provisions for rate step-ups in the event that storage costs increase due to changes in laws or other environmental obligations; and
provisions that require customers to return tanks at the end of the contract in the same condition as when the contract began.

Fixed periodic payments, or firm commitments, represented 83.9% and 84.1% of total terminal revenue recognized in 2013 and 2012, respectively, and result in generally predictable and stable cash flows. Based on the agreements in place at December 31, 2013, IMTT has contractual commitments that are expected to contribute a substantial majority of actual revenue for the year ending December 31, 2014.

IMTT is responsible for ensuring appropriate care of products stored at its facilities and maintains adequate insurance with respect to its exposure. IMTT does not have material exposure to commodity price fluctuations because IMTT typically does not purchase or market the products that it handles.

Regulation

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

The Bayonne terminal was acquired and expanded over a 29 year period. It has significant environmental remediation requirements that were partially assumed at the time of purchase from the various former owners. One former owner retained environmental remediation responsibilities for a purchased site as well as responsibility for sharing other remediation costs. Remediation efforts entail removal of the free product, groundwater control and treatment, soil treatment, repair/replacement of sewer systems, and the implementation of containment and monitoring systems. These remediation activities are expected to continue for an additional ten to twenty years.

The Lemont terminal has entered into a consent order with the State of Illinois to remediate contamination at the site that pre-dated IMTT s ownership. This remediation effort, including the implementation of extraction and monitoring wells and soil treatment, is estimated to continue for an additional ten to twenty years.

Management and Governance

The day-to-day operations of IMTT s terminals are overseen by individual terminal managers who are responsible for most aspects of the operations at their respective sites. IMTT s terminal managers have on average 32 years experience in the bulk liquid terminal industry and 20 years of service with IMTT.

10

TABLE OF CONTENTS

IMTT (continued)

The IMTT head office in New Orleans, Louisiana is responsible for providing the business with central management that performs support functions such as accounting, tax, finance, human resources, insurance, information technology and legal services and provides support for functions that have been partially de-centralized to the terminal level such as engineering and environmental and occupational health and safety regulatory compliance. IMTT s executive management team has on average 32 years experience in the bulk liquid terminal industry and 22 years of service with IMTT. In 2005, IMTT generated EBITDA of $74.0 million. In 2013, the business generated EBITDA of $268.5 million. To oversee such dramatic growth, IMTT needs to develop and implement the corporate processes and infrastructure to manage the expenses of and sustain the profitability and continued growth of the business. That infrastructure includes having management who are experienced and capable in managing the scope and depth of operations that now comprise IMTT, and who have broader and more developed skills and ability than currently reside with the executive management team. On all occasions, MIC has been rebuffed in its efforts to add the experience and depth now required at the senior management level of IMTT. In 2014, MIC intends to take further actions to cause senior management capabilities to match the needs of IMTT s business, and to upgrade the corporate governance framework at IMTT.

The Board of IMTT Holdings consists of six members, with three appointees from Macquarie Terminal Holdings, LLC, our wholly owned subsidiary, and three appointees from our co-investor. All decisions of the Board require majority approval, including the approval of at least one member appointed by Macquarie Terminal Holdings, LLC and one member appointed by our co-investor. The Shareholders Agreement to which we became a party at the time of our investment in IMTT contains a customary list of items that must be referred to the Board for approval. The Shareholders Agreement is included as an exhibit to this Annual Report on Form 10-K.

Relations between MIC and its co-investor, each of whom own 50% of the business, are governed by the Shareholders Agreement. During February of 2013, MIC and its co-investor amended the Shareholders Agreement to provide that, following the payment of dividends, IMTT shall retain cash, cash equivalents, and/or committed and unutilized credit facilities in the amount of $185.0 million as of the end of the applicable fiscal quarter. The amendment, which is effective through March of 2016, also authorizes either party to seek injunctive relief to enforce the payment of a dividend consistent with the requirements of the Shareholders Agreement.

Employees

As of December 31, 2013, IMTT (excluding non-consolidated sites) had a total of 1,074 employees, including 178 employed by OMI Environmental Services. 143 employees at Bayonne, 52 at the Lemont and Joliet terminals and 36 at the Quebec terminal are unionized. We believe employee relations at IMTT are good.

Hawaii Gas

Business Overview

Hawaii Gas is Hawaii s only government franchised full-service gas company, processing and distributing gas products and providing related services throughout the state. The market includes Hawaii s approximately 1.4 million residents and approximately 8.2 million visitors in 2013. Hawaii Gas processes and distributes synthetic natural gas, or SNG, for its utility customers on Oahu, and distributes Liquefied Petroleum Gas, or LPG, to utility and non-utility customers throughout the state s six major islands discussed below.

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

The utility business serves approximately 35,000 customers through localized pipeline distribution systems located on the islands of Oahu, Hawaii, Maui, Kauai, Molokai and Lanai (the major islands). Approximately 90% of these customers are on Oahu. The utility business includes the processing, distribution and sale of SNG on the island of Oahu and distribution and sale of LPG on all of the islands mentioned above. Utility revenue consists principally of sales of SNG and LPG.

TABLE OF CONTENTS

Hawaii Gas (continued)

The operating costs for the utility business include the cost of feedstock, the cost of processing SNG from the feedstock, LPG purchase costs and the cost of distributing SNG and LPG to customers. Utility contribution margin represented approximately 37% of Hawaii Gas s total contribution margin in 2013.

The non-utility business sells and distributes LPG to approximately 33,000 customers. LPG is delivered by truck to individual tanks located on customer sites on the major islands. Non-utility revenue is generated primarily from the sale of LPG delivered to customers. The operating costs for the non-utility business include the cost of purchased LPG and the cost of distributing the LPG to customers. Non-utility contribution margin represented approximately 63% of Hawaii Gas s total contribution margin in 2013.

Hawaii Gas s two primary products, SNG and LPG, are relatively clean-burning fuels that produce lower levels of carbon emissions than other hydrocarbon fuels such as coal or oil. This is particularly important in Hawaii where heightened public awareness of the environmental impact of using hydrocarbon fuels such as coal or oil makes lower emission fuels attractive to customers.

SNG and LPG have a wide number of commercial and residential applications including water heating, drying, cooking, emergency power generation and decorative lighting, such as tiki torches. LPG is also used as a fuel for specialty vehicles such as forklifts. Gas customers include residential customers and a wide variety of commercial, hospitality, military, public sector and wholesale customers.

Hawaii Gas continues to move forward with initiatives that will allow it to use Liquefied Natural Gas, or LNG, as an additional back-up fuel to serve its customers. On August 12, 2013, Hawaii Gas filed an application with the Hawaii Public Utilities Commission, or HPUC, for approval to use LNG as a back-up to its regulated SNG system and expects a decision in 2014. Hawaii Gas already has equipment and supply arrangements in place and expects to implement this initiative, upon approval from the HPUC.

Summary financial information of Hawaii Gas is as follows ($ in millions):

	As of, and for the Year Ended, December 31,		
	2013	2012	2011
Revenue	$ 257.7	$ 260.5	$ 252.8
EBITDA excluding non-cash items(1)	55.0	56.3	49.0
Total assets	395.5	387.0	373.5
% of our consolidated revenue	24.8 %	25.2 %	25.6 %

(1) See Business Our Business and Investments in Part I, Item 1 and Management s Discussion and Analysis of Financial Condition and Results of Operations Results of Operations in Part II, Item 7 for further information and a reconciliation of net income (loss) to EBITDA excluding non-cash items.

Strategy

Hawaii Gas s long-term strategy has four primary components:

1. To lower the cost of energy in Hawaii in an environmentally sustainable manner. To accomplish this goal, the business has developed plans for LNG and renewable natural gas, or RNG, transportation, storage and regasification

infrastructure to supply its own needs, as well as demand from the transportation, power generation and other sectors. The business is in ongoing discussions and negotiations with relevant government, regulatory and commercial stakeholders as it believes the combination of LNG and RNG can substantially lower Hawaii s energy costs and support economic growth while reducing carbon emissions.

2. To diversify its sources of existing supply, including SNG feedstock and LPG, to ensure reliable supply and to mitigate the impact of potential cost increases to its customers. In support of this, the business has added storage capacity that should improve its purchasing competitiveness and flexibility. Hawaii Gas is also exploring other clean and renewable energy alternatives including LNG and RNG that could be distributed using its existing infrastructure.

Hawaii Gas (continued)

3. To increase and diversify its customer base. To accomplish this goal, the business intends to increase penetration of the residential, government (primarily military) and tourism-related markets and to expand its business as a wholesale supplier of gas for power generation. The business also intends to promote the value of its products and services and their attractiveness as a cleaner alternative to other energy sources in Hawaii.
4. To maintain good relationships with regulators, government agencies, customers and the other communities it serves.

Products

While the U.S. mainland obtains natural gas from wells drilled into underground reservoirs of porous rock, Hawaii relies solely on processed and imported alternatives. Hawaii has no known natural gas reserves.

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

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

Liquefied Natural Gas. The business is implementing plans to bring LNG to Hawaii as a back-up fuel for the SNG utility distribution system and has obtained conventional intermodal cryogenic containers and the related equipment necessary to transport LNG from the U.S. mainland. Subject to satisfaction of state and local regulatory requirements, Hawaii Gas expects to begin transporting LNG to Hawaii on a small scale in 2014. The business is also in negotiations to bring LNG to Hawaii for certain non-utility customers.

Renewable Natural Gas. The business continues to evaluate a range of renewable natural gas sources for conversion into pipeline quality gas. These initiatives include a multi-year project utilizing animal fat and non-food grade oils as well as ongoing commercial negotiations to source bio gas from waste water treatment plants and landfills. The business believes that the current cost to produce or buy RNG in scale quantities could result in increased energy prices in Hawaii as seen with other renewable products such as bio-diesel. However, the business believes in the importance of incorporating RNG as part of its long-term supply strategy and continues to invest capital and resources in a range of RNG projects.

Hydrogen Gas. The business generates hydrogen gas as part of the reforming process that creates SNG. Finished SNG contains about 10% hydrogen, the majority of which currently is extracted and sold to Hawaiian Independent Energy, or HIE. The business is exploring opportunities to sell this hydrogen to other parties.

Customers

No customer represented more than 10% of Hawaii Gas s consolidated revenues and accounts receivable for the year ended December 31, 2013.

Utility Regulation

Hawaii Gas s utility business is regulated by the Hawaii Public Utilities Commission, or HPUC, while the business non-utility business is not. The HPUC exercises broad regulatory oversight and investigative authority over all public utility companies in the state of Hawaii.

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

TABLE OF CONTENTS

Hawaii Gas (continued)

Although the HPUC sets the base rate for the SNG and LPG sold by Hawaii Gas s utility business, the business is permitted to pass through changes in its raw materials cost by means of a monthly fuel adjustment charge, or FAC. The adjustment protects the business earnings from volatility in feedstock costs.

The business utility rates are established by the HPUC in periodic rate cases typically initiated by Hawaii Gas. The business initiates a rate case by submitting a request to the HPUC for an increase in rates based, for example, upon materially higher costs related to providing the service. Following initiation of the rate increase request and submissions by other intervening parties of their positions on the rate request, and potentially an evidentiary hearing, the HPUC issues a decision establishing the revenue requirements and the resulting rates that Hawaii Gas will be allowed to charge. The last successful rate case was in 2009. The business is currently reviewing the timing of its next rate case.

Other Regulations. The HPUC regulates all franchised or certificated public service companies operating in Hawaii; prescribes rates, tariffs, charges and fees; determines the allowable rate of earnings in establishing rates; issues guidelines concerning the general management of franchised or certificated utility businesses; acts on requests for the acquisition, sale, disposition or other exchange of utility properties, including mergers and consolidations; and acts on requests for financings. When we acquired Hawaii Gas, we agreed to 14 regulatory conditions with the HPUC that address a variety of matters including: a requirement that the ratio of consolidated debt to total capital for Hawaii Gas and HGC Holdings LLC, or HGC, does not exceed 65%; and a requirement to maintain $20.0 million in readily-available cash resources at Hawaii Gas, HGC or MIC. See Management s Discussion and Analysis of Financial Condition and Results of Operations Liquidity and Capital Resources in Part II, Item 7 for further discussions on these requirements and that conditions have been consistently met.

Competition

Depending upon the end-use, the business competes with electricity, diesel, solar, geo-thermal, wind, other gas providers and alternative energy sources. Electricity in Hawaii is generated by four electric utilities and various independent power producers. In addition, residential and some commercial customers in Hawaii have increased the rate at which they are installing solar photovoltaic generating capacity.

Utility Business. Hawaii Gas holds the only government franchise for utility gas services in Hawaii. This enables it to utilize public easements for its pipeline distribution systems. This franchise also provides protection from competition within the same gas-energy sector since the business has developed and owns extensive below-ground distribution infrastructure. The costs associated with developing distribution infrastructure are significant. However, in some instances, the business utility customers also have the ability to use other sources of energy, such as diesel.

Non-Utility Business. Hawaii Gas sells LPG in an unregulated market on the six primary islands of Hawaii. There are two other wholesale companies and several small retail distributors that share the LPG market (some of whom are supplied by Hawaii Gas). Hawaii Gas believes it has a competitive advantage because of its established customer base, storage facilities, distribution network and reputation for reliable service.

Fuel Supply, SNG Plant and Distribution System

Fuel Supply

Hawaii Gas obtains the majority of its LPG supply from off-island producers with the remainder being supplied by HIE (formerly Tesoro), a subsidiary of Par Petroleum Corporation and Chevron oil refineries located on Oahu. In 2013, Hawaii Gas purchased approximately 78% of its LPG requirement from off-island sources, with whom the business has a long-term contract, and the remainder from the two local refineries.

In early 2013, Tesoro made changes to its operations in preparation for conversion of its refinery to an import, storage and distribution terminal which impacted the amount and quality of products received by Hawaii Gas. As a result, Hawaii Gas activated plans related to sourcing feedstock and purchased a larger portion of its LPG from off-island producers to make up for the loss of LPG previously produced by Tesoro. Hawaii Gas had been increasing its use of imported LPG since 2010.

14

TABLE OF CONTENTS

Hawaii Gas (continued)

Hawaii Gas and Tesoro Hawaii entered into a new naphtha feedstock agreement effective from October 1, 2013 through March 31, 2014. On September 26, 2013, Tesoro announced the sale of its interest in Tesoro Hawaii to HIE and indicated its intention to continue to operate the facility as a refinery. On December 18, 2013, Hawaii Gas received approval from the HPUC to pass any change in the cost of feedstock through to customers via its fuel adjustment mechanism. On January 31, 2014, the naphtha feedstock agreement automatically extended for an additional 90 days through June 30, 2014. Hawaii Gas is in discussions with HIE regarding a longer term agreement.

SNG Plant and Distribution System (Utility Business)

Hawaii Gas processes and distributes SNG from its plant located west of the Honolulu business district. The life of the plant continues to be extended through routine maintenance and additional capital investments. A 22-mile transmission pipeline links the SNG plant to a distribution system at Pier 38 in south Oahu. From Pier 38, a pipeline distribution system consisting of approximately 900 miles of distribution and service pipelines transports gas to customers. For the islands other than Oahu, LPG is distributed to the islands by direct deliveries from overseas suppliers by ship and by barge from Oahu. It is then distributed via pipelines to utility customers. Approximately 90% of the business pipeline system is on Oahu.

Distribution System (Non-Utility Business)

The non-utility business provides gas to customers on the major islands not connected to the business utility pipeline system. The majority of Hawaii Gas s non-utility customers are on islands other than Oahu. LPG is distributed to these islands by direct deliveries from overseas suppliers by ship and by barge from Oahu. The business also owns the infrastructure with which it distributes LPG to its customers, including harbor pipelines, trucks, several holding facilities and storage base-yards on Kauai, Maui and Hawaii.

Environmental Matters

Environmental Permits: Gas processing and distribution requires environmental operating permits. The most significant are air and wastewater permits that are required for the SNG plant. Hawaii Gas is in compliance in all material respects with all applicable provisions of these permits.

Employees and Management

As of December 31, 2013, Hawaii Gas had 308 employees, of which 203 were subject to the terms of a collective bargaining agreement that expires on April 30, 2015. The business believes it has a good relationship with the unionized employees and there have been no major disruptions in operations due to labor matters for over 30 years. Management of the business is headquartered in Honolulu, Hawaii. In 2013, the business hired a new President and Chief Executive Officer who had significant prior experience with Hawaii Gas, having served on its Board since 2011.

Atlantic Aviation

Business Overview

Atlantic Aviation operates fixed base operations, or FBOs, at 63 airports in the United States. Atlantic Aviation s FBOs provide fueling and fuel-related services, aircraft parking and hangar services to owners/operators of jet aircraft, primarily to the general aviation sector of the air transportation industry, but also to commercial, military, freight and government aviation customers.

15

TABLE OF CONTENTS

Atlantic Aviation (continued)

Summary financial information for Atlantic Aviation is as follows ($ in millions):

	As of, and for the Year Ended, December 31,		
	2013	2012	2011
Revenue	$ 725.5	$ 719.9	$ 683.6
EBITDA excluding non-cash items[(1)]	144.8	130.8	126.7
Total assets	1,369.5	1,311.4	1,374.4
% of our consolidated revenue	69.7 %	69.6 %	69.1 %

(1) See Business Our Business and Investments in Part I, Item 1 and Management s Discussion and Analysis of Financial Condition and Results of Operations Results of Operations in Part II, Item 7 for further information and a reconciliation of net income (loss) to EBITDA excluding non-cash items.

Industry Overview

FBOs service primarily the general aviation segment of the air transportation industry. General aviation includes corporate and leisure flying and does not include commercial air carriers or military operations. Local airport authorities, the owners of the airport properties, grant FBO operators the right to provide fueling and other services pursuant to long-term ground leases. Fuel sales provide the majority of an FBO s revenue and gross profit.

FBOs generally operate in environments with high barriers to entry. Airports often have limited physical space for additional FBOs. Airport authorities generally do not have an incentive to add additional FBOs unless there is a significant demand for additional services, as profit-making FBOs are more likely to reinvest in the airport and provide a broad range of services, thus attracting increased airport traffic. The increased traffic has generated additional revenue for the airport authority in the form of landing and fuel flowage fees. Government approvals and design and construction of a new FBO can also take significant time and require significant capital expenditures. Furthermore, airports typically impose minimum standards with respect to the experience, capital investment and breadth of services provided by the FBO.

Demand for FBO services is driven by the level of general aviation flight activity. Atlantic Aviation measures general aviation activity level by the number of take-offs and landings in a given period. General aviation business jet take-offs and landings increased by 1.8% in 2013 compared with 2012 according to flight data reported by the Federal Aviation Administration, or FAA. Because Atlantic Aviation operates at a subset of the airports surveyed by the FAA, the correlation between Atlantic Aviation s performance and the industry data will not be perfect. For example, in 2013, flight activity at airports where Atlantic Aviation operated increased by 3.8% compared with 2012. Nonetheless, the business believes the FAA data is useful in assessing trends in the general aviation sector at a high level. The business also believes general aviation flight activity will continue to expand along with increased economic activity in the U.S.

Strategy

Atlantic Aviation is pursuing a strategy that has five principal components. These are:

1.

to make Atlantic Aviation the preferred FBO provider at all of the airports that it operates by providing the best service and safety in the industry;

2. to aggressively manage the business so as to optimize its operating expenses;

3. to organically grow the business and leveraging the size of the Atlantic Aviation network and its information technology capabilities to identify marketing and cross-selling opportunities;

4. to effectively deploy capital in equipment and leasehold improvements in support of the Atlantic Aviation brand; and

5. to optimize the portfolio of FBOs through selective site acquisitions, divestitures and lease extensions.

16

Atlantic Aviation (continued)

Operations

The business has high-quality facilities and focuses on attracting customers who desire a high level of personal service. Fuel and fuel-related services generated 82% of Atlantic Aviation s revenue and accounted for 64% of its gross profit in 2013. Other services, including de-icing, aircraft parking, hangar rental and catering, provided the balance. Fuel is stored in fuel tank farms and each FBO operates refueling vehicles owned or leased by the FBO. The FBO either owns or has access to the fuel storage tanks to support its fueling activities. At some of Atlantic Aviation s locations, services are also provided to commercial airlines and the military. Services provided to the airlines may include refueling from the airline s own fuel supplies, de-icing and/or ground and ramp handling services.

Atlantic Aviation buys fuel at a wholesale price and sells fuel to customers at a contracted price, or at a price negotiated at the point of purchase. While wholesale fuel costs can be volatile, Atlantic Aviation generally passes fuel cost changes through to customers and attempts to maintain and, when possible, increase its dollar-based margin per gallon of fuel sold. Atlantic Aviation also fuels aircraft with fuel owned by third parties and charges customers a fee for this service. The business has limited exposure to commodity price risk as it generally carries a limited inventory of jet fuel on its books and usually passes fluctuations in the wholesale cost of fuel through to its customers.

Atlantic Aviation is focused on managing costs effectively and continuously evaluates opportunities to reduce expenses. Such opportunities may include business reengineering, more efficient purchasing, partnering with service providers and/or capturing synergies in acquisitions.

Locations

Atlantic Aviation s FBOs operate pursuant to long-term leases from airport authorities or local government agencies. The business and its predecessors have a strong history of successfully renewing leases and have held some leases for almost 50 years.

Notwithstanding the passage of one year, Atlantic Aviation was able to increase its EBITDA-weighted average remaining lease length (including extension options) from 19.0 years at December 31, 2012 to 19.4 years at December 31, 2013. The leases at eight of Atlantic Aviation s FBOs, collectively accounting for 12.3% of Atlantic Aviation s gross profit, will expire within the next five years. No individual FBO generates more than 10% of the gross profit of the business at December 31, 2013.

The airport authorities have certain termination rights in each of Atlantic Aviation s leases. Standard terms allow for termination if Atlantic Aviation defaults on the terms and conditions of the lease, abandons the property or becomes insolvent or bankrupt. Most of the leases allow for termination if liens are filed against the property. Fewer than ten leases may be terminated for convenience or other similar reasons. In these cases, generally, there are compensation agreements based on amortization schedules or obligations of the authority to make best efforts to relocate the FBO.

Atlantic Aviation periodically evaluates its portfolio of FBOs and may conclude that some of its sites do not have sufficient scale or do not serve a market with sufficiently strong growth prospects to warrant continued operations at these locations in which case it may elect to sell the site or not renew the lease upon maturity. For example, in 2013, Atlantic Aviation chose not to renew the lease at the Ontario, California FBO. Atlantic Aviation may also sell an FBO, where it is valued more highly by another owner or operator. For example, from 2007 to 2013, Atlantic Aviation divested 11 locations.

In December of 2013, Atlantic Aviation completed the acquisition of an FBO at Charles B. Wheeler Downtown Airport in Kansas City, Missouri. Atlantic Aviation also signed an asset purchase agreement to acquire five FBOs from Galaxy Aviation (Galaxy Acquisition) and on February 14, 2014, signed an asset purchase agreement to acquire an FBO from Boca Aviation. The business expects these transactions to close at the end of the first quarter of 2014, subject to the receipt of the airport authority s consent and satisfaction of other closing conditions typically associated with transactions of this size and type.

TABLE OF CONTENTS

Atlantic Aviation (continued)

Marketing

Atlantic Aviation has a number of marketing programs, each utilizing an internally-developed point-of-sale (POS) system that tracks general aviation flight movements. One program supports flight tracking and provides customer relationship management data that facilitates up-selling of fuel and optimization of revenue per customer.

Atlantic Aviation also maintains a loyalty program for pilots known as Atlantic Awards that provides an incentive to purchase fuel from Atlantic Aviation. These awards are recorded as a reduction in fuel-revenue in Atlantic Aviation s consolidated financial statements.

In 2013, Atlantic Aviation launched a redesigned website that provides better information for customers, allows for online reservations for services and improves management of Atlantic Awards redemptions.

Competition

Atlantic Aviation directly competes with other FBO operators at approximately half of its locations. The FBOs compete on the basis of location of the facility relative to runways and street access, service, safety, value-added features, reliability and price. Each FBO also faces competitive pressure from the fact that aircraft may take on sufficient fuel at one location and not need to refuel at a specific destination. FBO operators also face indirect competition from facilities located at nearby airports.

Atlantic Aviation s main competitors are Signature Flight Support, Landmark Aviation and Million Air. Other than Signature, these competitors are privately owned. To our knowledge, other than the competitors listed, no other competitor operates more than 20 FBOs in the United States.

Regulation

The aviation industry is overseen by a number of regulatory bodies, but its primary regulator is the FAA. The business is also regulated by the local airport authorities through lease contracts with those authorities. The business must comply with federal, state and local environmental statutes and regulations associated in part with the operation of underground fuel storage tanks. These requirements include, among other things, tank and pipe testing for tightness, soil sampling for evidence of leaking and remediation of detected leaks and spills.

Atlantic Aviation s FBOs are subject to regular inspection by federal and local environmental agencies and local fire and airline quality control departments. The business does not expect that compliance and related remediation work, if any, will have a material negative impact on earnings or the competitive position of Atlantic Aviation. The business has not received notice requiring it to cease operations at any location or of any abatement proceeding by any government agency as a result of failure to comply with applicable environmental laws and regulations.

Employees and Management

As of December 31, 2013, the business employed 1,655 people. Approximately 173 employees are subject to collective bargaining agreements. We believe relations with both unionized and non-union employees at Atlantic Aviation are good.

The day-to-day operations of Atlantic Aviation are managed by individual site managers who are responsible for most aspects of the operations at their site. Local managers within a geographic region are supervised by one of four regional managers covering the United States. Atlantic Aviation s operations are overseen by senior personnel with an average of approximately 26 years experience each in the aviation industry.

Contracted Power and Energy

Business Overview

Contracted Power and Energy (CP&E) consists of investments in five solar photovoltaic (solar PV) power generation facilities (Contracted Power, or CP) and a 50.01% controlling interest in a district energy business (District Energy, or DE).

TABLE OF CONTENTS

Contracted Power and Energy (continued)

We own a controlling interest in CP, and the financial results discussed in this Form 10-K reflect 100% of CP s full year performance, unless specified. The CP facilities are expected to have an aggregate generating capacity of 57 megawatts. The facilities are located in the southwest United States: two in Arizona, one in Texas and two in California. We have invested equity of $26.8 million in these facilities, of which the Company expects to receive up to $15.9 million as a return of capital in 2014. We anticipate that we will reinvest this return of capital in additional CP projects.

CP sells the electricity generated by its facilities to credit worthy off-takers including local utilities and the military under long-dated power purchase agreements (PPAs), typically of 20 25 years. The PPAs have volume based charges, some of which have fixed or CPI-linked escalators. CP owns each project in a common LLC structure with a co-investor who can utilize the tax benefits of solar projects. The co-investor receives tax benefits disproportionate to its investment during the early years of the project and typically contributes significantly more capital at acquisition than CP. CP receives cash distributions disproportionate to its investment in these early years.

We own 50.01% of DE, and financial results discussed in this Form 10-K reflect 100% of DE s full year performance, unless specified. DE operates district cooling systems in the United States. The system currently serves approximately 100 customers in downtown Chicago and operates a stand-alone facility in Las Vegas. In Chicago, DE produces chilled water and distributes it through a closed loop of underground piping for use in the air conditioning systems of large commercial, retail and residential buildings in the central business district. In Las Vegas, it provides cold and hot water (for chilling and heating, respectively) to three customers.

Summary financial information for the CP&E segment (including 100% of both of the CP and DE businesses) is as follows ($ in millions):

	As of, and for the Year Ended, December 31,		
	2013	2012	2011
Revenue	$ 57.8	$ 53.7	$ 52.4
EBITDA excluding non-cash items[(1)]	24.1	16.5	22.7
Total assets	505.3	365.2	217.6
% of our consolidated revenue	5.6 %	5.2 %	5.3 %

(1) See Business Our Business and Investments in Part I, Item 1 and Management s Discussion and Analysis of Financial Condition and Results of Operations Results of Operations in Part II, Item 7 for further information and a reconciliation of net income (loss) to EBITDA excluding non-cash items.

Industry Overview

Solar PV facilities utilize arrays of solar panels often spanning hundreds of acres to convert energy from sunlight into electricity. The electricity is conditioned and fed directly into the regional electric grid. These technologies generally produce predictable amounts of electricity.

Demand for utility scale solar-based power is being driven in part by Renewable Portfolio Standards (RPS). RPS are regulatory mandates that aim to create demand for renewable-based electricity by obligating utilities, retailers or other load-serving entities to provide a specific portion of their capacity from qualifying renewable technologies such as solar PV. Developers of solar PV opportunities range from individual land developers to large utilities and municipalities.

District energy systems provide chilled water, steam and/or hot water from a centralized plant through underground piping for cooling and heating purposes. Such systems typically operate within a relatively concentrated geography given the limitation or transmitting thermal energy over significant distances. As a result, a typical district energy customer is the owner/manager of a large office or residential building or facilities such as hospitals, universities or municipal buildings. There are approximately 700 district energy systems in the U.S. today, including privately and publicly owned systems.

Contracted Power and Energy (continued)

Strategy

Businesses within the CP&E segment generate a stable cash flow stream through a combination of long-term contracted revenues and predictable operating costs and capital requirements. Through our CP&E segment, we hold a portfolio of high-quality assets with predictable cash flow. We are actively looking for opportunities to acquire projects or businesses with similar characteristics, which when aggregated, we believe will generate scale efficiencies.

The strategy behind our CP&E businesses includes the following components:

1. to deploy capital in the acquisition of small scale CP facilities, such as solar power generation, where the opportunity to generate attractive risk-adjusted returns exists; and,
2. to achieve expense (scale) efficiencies across our CP portfolio.

Operations

In each of the businesses in the segment, maintenance is typically performed by qualified contract personnel and off-season maintenance is performed by a combination of plant staff and contract personnel. The majority of preventive maintenance at DE is conducted off-season.

Operations and maintenance (O&M) of CP has been outsourced to a well-respected provider of such services. O&M services are provided under a long-term contract for a fixed annual cost that adjusts for inflation. Accordingly, the operating costs of these facilities are highly predictable.

Customers

The primary customers of CP are local utilities and a U.S. military base. Customers have entered into power purchase agreements ranging from 20 to 25 years. DE serves a customer base consisting of commercial and residential buildings and government facilities.

Seasonality

The CP&E segment generates peak revenue in the summer months when there is more solar resource available and demand for chilled water for building cooling is at its highest.

Competition

The businesses of CP&E are not subject to substantial direct competitive pressure. CP does not face significant competition due to the long-term PPAs. The projects have a guaranteed buyer of electricity at a contractual price. After the expiration of the PPAs, the facilities could sell power at spot prices and that would subject them to potentially greater competition.

DE customers are generally contractually prohibited from cooling their premises by means other than the chilled water service the business provides. Further, installation of a water chilling system can require significant building reconfiguration and capital expenditure. DE competes with self-cooling alternatives when pursuing new customers. New entrants into the district energy sector in Chicago are unlikely given the considerable capital investment required and the need to obtain City of Chicago consent.

Employees and Management

CP has two management level contractors that provide oversight. Additional resources are provided by the Manager and external third parties as required. As CP grows and develops scale, we anticipate that we will add further staff as we internalize functions that are currently outsourced to take advantage of scale efficiencies. As previously discussed, O&M is provided by a third party. Similarly, contract management and accounting are provided by an external service provider. We serve as the managing member of the partnerships and therefore have control of these businesses.

As of December 31, 2013, DE had 37 full-time employees and one part-time employee. Most employees at each location are subject to collective bargaining or labor agreements. The day-to-day operations of DE are managed by a team located in Chicago, Illinois. The business is governed by an Operating Agreement under which MIC is the Managing Member with certain actions requiring the approval of our co-shareholder.

20

TABLE OF CONTENTS

Contracted Power and Energy (continued)

Our Employees Consolidated Group

As of December 31, 2013, we employed approximately 2,000 people across our consolidated businesses (excluding IMTT) of which approximately 20% were subject to collective bargaining agreements. The Holding Company itself does not have any employees.

TABLE OF CONTENTS

AVAILABLE INFORMATION

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

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

You can also find information on the Governance page on our website where we post documents including:

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

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

You can request a copy of these documents at no cost, excluding exhibits, by contacting Investor Relations at 125 West 55th Street, New York, NY 10019 (212-231-1825).

TABLE OF CONTENTS

ITEM 1A. RISK FACTORS

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

Risks Related to Our Business Operations

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

We own 50% of IMTT and 50.01% of DE and may acquire less than majority ownership in other businesses in the future. Our ability to influence the management of businesses in which we own noncontrolling interests, and the ability of these businesses to continue operating without disruption, depends on our reaching agreement with our co-investors and reconciling investment and performance objectives for these businesses. Our co-investors may become bankrupt or may have economic or other business interests that are inconsistent with our interests and goals. To the extent that we are unable to agree with co-investors regarding the business and operations of the relevant investment, the performance of the investment and the operations may suffer, we may not receive anticipated distributions or such distributions may be delayed and there may be a material adverse impact on our results. In addition, we may become involved in costly litigation or other dispute resolution procedures to resolve disagreements with our co-investors, which would divert management s attention.

Furthermore, we may, from time to time, own noncontrolling interests in investments. Management and controlling shareholders of these investments may develop different objectives than we have and we may be unable to control the timing or amount of distributions we receive from these investments. Our inability to exercise significant influence over the operations, strategies and policies of non-controlled investments means that decisions could be made that could adversely affect our results and our ability to generate cash and pay dividends on our LLC interests. See also Risks Related to IMTT *We share ownership and voting control of IMTT with a third party co-investor. A representative and beneficiary of that co-investor is currently the CEO of IMTT. Our ability to exercise significant influence over the business or level of distributions from IMTT, except pursuant to the Shareholders Agreement, is limited, and we have been, and we may again be negatively impacted by disagreements with our co-investor regarding IMTT s business and operations* .

Our holding company structure may limit our ability to make regular dividends in the future to our shareholders because we will rely on the cash flows and distributions from our businesses.

The Company is a holding company with no operations. Therefore, it is dependent upon the ability of our businesses and investments to make distributions to the Company to enable it to meet its expenses, and to make dividends to shareholders in the future. The ability of our operating subsidiaries and the businesses in which we will hold investments to make distributions to the Company is subject to limitations based on their operating performance, the terms of their debt agreements, the applicable laws of their respective jurisdictions, and compliance of co-investors with applicable contracts and agreements. In addition, the ability of each business to reduce its outstanding debt will be similarly limited by its operating performance, as discussed below and in Part II, Item 7, Management s Discussion and Analysis of Financial Condition and Results of Operations .

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

Should the economic, equity and credit market conditions become disrupted, our ability to raise equity or obtain capital, to repay or refinance credit facilities at maturity, pay significant capital expenditures or fund growth may be costly and/or impaired. Our access to debt financing in particular will depend on a variety of factors such as market conditions, the general availability of credit, the overall availability of credit to our industry, our credit history and credit capacity, as well as the historical performance of our businesses and lender perceptions of their and our financial prospects. In the event we are unable to obtain debt financing, particularly as significant credit facilities mature, our internal sources of liquidity may not be sufficient.

TABLE OF CONTENTS

Economic conditions may also increase our counterparty risk, particularly in those businesses whose revenues are determined under multi-year contracts, such as IMTT and businesses within our Contracted Power and Energy segment. Should conditions deteriorate, we would expect to see increases in counterparty defaults and/or bankruptcies, which could result in an increase in bad debt expense and may cause our operating results to decline.

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

If borrowing costs increase or if debt terms become more restrictive, the cost of refinancing and servicing our debt will increase, reducing our profitability and ability to freely deploy Free Cash Flow.

The majority of indebtedness at our primary businesses matures within three to nine years. Refinancing this debt may result in substantially higher interest rates or margins or substantially more restrictive covenants. Any of these could limit operational flexibility or reduce dividends and/or distributions from our operating businesses to us, which would have an adverse impact on our ability to freely deploy Free Cash Flow. We cannot provide assurance that we or the other owners of any of our businesses will be able to make capital contributions to repay some or all of the debt if required.

The debt facilities at our businesses contain terms that become more restrictive over time, with stricter covenants and increased amortization schedules. Those terms will limit our ability to freely deploy Free Cash Flow.

Security breaches or interruptions in our information systems could materially adversely affect our business.

We rely on information technology networks and systems to process, transmit and store electronic information used to operate our businesses. We also share certain information technology networks with our Manager. The information technology infrastructure we use, as well as the information technology systems used by our Manager, could be vulnerable to security breach, damage or interruption from computer viruses, cyber attacks, cyber terrorism, natural disasters or telecommunications failures. If our technology systems were to fail or be breached and we were unable to recover in a timely manner, we may be unable to fulfill critical business functions and confidential data could be compromised, which could have a material adverse effect on our results of operations, financial condition and cash flows.

Unfavorable publicity or public perception of the industries in which we operate could adversely impact our operating results and our reputation.

Accidents and incidents involving the aviation industry, particularly those involving the airports and heliport at which we operate, whether or not directly related to the Company s services, and the media coverage thereof, can adversely impact the Company s reputation and the demand for our services. Similarly, negative publicity or public perception of the energy-related industries in which we operate, including through media coverage of environmental contamination and climate change concerns, could reduce demand for our services and harm our reputation. Any reduction in demand for the services our businesses provide or damage to our reputation could have a material adverse effect on our results of operations and business prospects.

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

Our businesses (including businesses in which we invest) are subject to numerous statutes, rules and regulations relating to environmental protection. Atlantic Aviation is subject to environmental protection requirements relating to the storage, transport, pumping and transfer of fuel, and DE is subject to requirements relating mainly to its handling of significant amounts of hazardous materials. Hawaii Gas is subject to risks and hazards associated with the refining, handling, storage and transportation of combustible products. These

24

risks could result in substantial losses due to personal injury, loss of life, damage or destruction of property and equipment and environmental damage. Any losses we face could be greater than insurance levels maintained by our businesses, which could have an adverse effect on their and our financial results. In addition, disruptions to physical assets could reduce our ability to serve customers and adversely affect sales and cash flows.

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

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

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

Energy efficiency and technology advances, as well as conservation efforts and changes in the sources and types of energy produced in the U.S. may result in reduced demand for our products and services.

The trend toward increased conservation, as well as technological advances including installation of improved insulation, the development of more efficient heating and cooling devices and advances in energy generation technology, may reduce demand for certain of our products and services. During periods of high energy commodity costs, the prices of certain of our products and services generally increase, which may lead to customer conversation. In addition, federal and/or state regulation may require mandatory conservation measures, which would also reduce demand.

The discovery and development of new and unconventional energy sources in the U.S. may drive changes in related energy product logistics chains. The location and exploitation of these new energy sources could result in the dislocation of certain portions of some of our businesses. Either or both of changes in energy supply chain logistics or trends toward increased conservation could reduce demand for our products and services and could adversely affect our results of operations.

TABLE OF CONTENTS

Climate change, climate change regulations and greenhouse effects may adversely impact our operations and markets.

Climate change is receiving increased attention from the scientific and political communities. There is an ongoing debate as to the extent to which our climate is changing, the possible causes of this change and its potential impacts. Some attribute global warming to increased levels of greenhouse gases, including carbon dioxide, which has led to significant legislative and regulatory efforts to limit greenhouse gas emissions. The outcome of federal and state actions to address global climate change could result in significant new regulations, additional changes to fund energy efficiency activities or other regulatory actions. These actions could increase the costs of operating our businesses, reduce the demand for our products and services and impact the prices we charge our customers, any or all of which could adversely affect our results of operations. In addition, climate change could make severe weather events more frequent, which would increase the likelihood of capital expenditures to replace damaged infrastructure at our businesses.

Energy efficiency and technology advances, as well as conservation efforts, may result in reduced demand for our products and services.

The trend toward increased conservation, as well as technological advances, including installation of improved insulation, the development of more efficient heating and cooling devices and advances in energy generation technology, may reduce demand for certain of our products and services. During periods of high energy commodity costs, the prices of certain of our products and services generally increase, which may lead to customer conservation. In addition, federal and/or state regulation may require mandatory conservation measures, which would also reduce demand. A reduction in demand for our products and services could adversely affect our results of operations.

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

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

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

Many of our contracts, especially those with government entities or quasi-government entities are long-term contracts. These long-term contracts may be difficult to replace if terminated. In addition, buy-out or other early termination provisions could adversely affect our results of operations if exercised before the end of the contract.

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

Where our businesses or investments are sole or predominant service providers in their respective service areas and provide services that are essential to the community, they are likely to be subject to rate regulation by governmental agencies that will determine the prices they may charge. We may also face fees or other charges imposed by government agencies that increase our costs and over which we have no control. We may be subject to increases in fees or unfavorable price determinations that may be final with no right of appeal or that, despite a right of appeal, could result in our profits being negatively affected. In addition, we may have very little negotiating leverage in establishing contracts with government entities, which may decrease the prices that we otherwise might be able to charge or the terms upon which we provide products or services. Businesses and investments we acquire in the future may also be subject to rate regulation or similar negotiating limitations.

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

Our businesses and investments are subject to federal, state and local safety, health and environmental laws and regulations. These laws and regulations affect all aspects of their operations and are frequently modified. There is a risk that any one of our businesses or investments may not be able to comply with some aspect of these laws and regulations, resulting in fines or penalties. Additionally, if new laws and regulations are adopted or if interpretations of existing laws and regulations change, we could be required to increase capital spending and incur increased operating expenses in order to comply. Because the regulatory environment frequently changes, we cannot predict when or how we may be affected by such changes. Environmental emissions and other compliance testing technologies continue to improve, which may result in more stringent, targeted environmental regulations and compliance obligations in the future, for example at IMTT, the costs of which could be material and adversely affect our cash flows and results of operations.

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

A significant and sustained increase in the price of oil could have a negative impact on the profitability of a number of our businesses. Higher prices for jet fuel could result in less use of aircraft by general aviation customers, which would have a negative impact on the profitability of Atlantic Aviation. Higher fuel prices could increase the cost of power to our businesses generally which they may not be able to fully pass on to customers.

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

We believe that infrastructure businesses face a greater risk of terrorist attack than other businesses, particularly those businesses that have operations within the immediate vicinity of metropolitan and suburban areas. Specifically, because of the combustible nature of the products of Hawaii Gas and consumer reliance on these products for basic services, the business SNG plant, transmission pipelines, barges and storage facilities may be at greater risk for terrorism attacks than other businesses, which could affect its operations significantly. Any terrorist attacks that occur at or near our business locations would likely cause significant harm to our employees and assets. In recent years, insurers have significantly reduced the amount of insurance coverage available for liability to persons other than employees or passengers for claims resulting from acts of terrorism, war or similar events. A terrorist attack that makes use of our property, or property under our control, may result in liability far in excess of available insurance coverage. In addition, any terrorist attack, regardless of location, could cause a disruption to our business and a decline in earnings. Furthermore, it is likely to result in an increase in insurance premiums and a reduction in coverage, which could cause our profitability to suffer.

27

TABLE OF CONTENTS

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

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

Risks Related to IMTT

We share ownership and voting control of IMTT with a third party co-investor. A representative and beneficiary of that co-investor is currently the CEO of IMTT. Our ability to exercise significant influence over the business or level of distributions from IMTT, except pursuant to the Shareholders Agreement, is limited, and we have been, and we may again be negatively impacted by disagreements with our co-investor regarding IMTT s business and operations.

We own 50% of IMTT; the remaining 50% is owned by a trust for the benefit of members of IMTT's founding family. Disputes with our co-investor resulted in arbitration in 2012. While MIC prevailed in this arbitration, it was costly and diverted the attention of our management and there was a time delay in receiving the distributions to which we were entitled. To the extent that our co-investor and IMTT executive management again act in ways inconsistent with their obligations under the Shareholders' Agreement between us and our co-investor, further arbitration or litigation may be necessary to enforce our rights.

A member of the founding family currently manages the day to day operations of IMTT, and our ability to influence the business is governed by (and may be limited to) our rights under the Shareholders' Agreement governing our investment in IMTT. Because we do not directly manage the day to day operations of IMTT (in contrast to our other assets, including Hawaii Gas and Atlantic Aviation), we may not be provided with notice of material events with respect to IMTT in as timely a manner and with the same level of detail as we would if we were in such a day to day management role. Because we do not manage directly the day to day operations of IMTT, we do not have complete visibility into IMTT's operational and financial systems, controls or processes, including among others, as they relate to environmental, health and safety (EHS) measures. In addition, because IMTT management may not fully apprise us of relevant financial or operational matters, we may not be able to evaluate whether such financial, operational, or EHS systems or controls are sufficiently robust or executed appropriately. The possible failure of IMTT to use adequate financial, operational, and EHS systems or controls could negatively affect the value of the business and its ability to serve as a satisfactory counterparty to customers who demand such systems or controls and could potentially result in penalties from regulatory agencies.

Our co-investor may again fail to act in compliance with the Shareholders' Agreement and may have other business interests that are inconsistent with our interests and goals, and may again take actions that are contrary to our business objectives and requests. For example, management, operating under the express or implied direction of the CEO or the co-investor, may oppose our interests in dealings with lenders, contractors, customers, suppliers, regulators and other third party stakeholders, as well our interests in normal business planning and budgeting processes. Similarly, for purposes opposed to or different than ours, management, operating under the express or implied direction of the CEO or the co-investor, may bring forward in time maintenance capital expenditures, expand the scope of maintenance capital expenditure projects, increase maintenance capital expenditures to more than has been properly approved, bring forward supplier payments and tax payments and/or categorize growth capital expenditures as maintenance capital expenditures in a manner with which we disagree to reduce distributions and/or Free Cash Flow in any reporting period.

We may not agree with our co-investor or IMTT's management as to the payment, amount or timing of distributions or as to transactions such as capital expenditures, acquisitions or dispositions of assets and

28

financings. In addition, we may not receive from management all of the financial and operating data that we request on a timely basis or at all which may significantly delay our ability to report updated IMTT information. If we determine that litigation and/or arbitration is the optimal path to secure our interest and preserve our rights, we will commence such litigation or arbitration as we have in the past.

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

Demand for IMTT s bulk liquid terminals is largely a function of U.S. domestic demand for chemical, petroleum and vegetable and animal oil products and, less significantly, the extent to which such products are imported into and/or exported out of the United States. U.S. domestic demand for chemical, petroleum and vegetable and animal oil products is influenced by a number of factors, including economic conditions, growth in the U.S. economy, the pricing of chemical, petroleum and vegetable and animal oil products and their substitutes. Import and export volumes of these products to and from the United States are influenced by demand and supply imbalances in the United States and overseas, the cost of producing chemical, petroleum and vegetable and animal oil products domestically versus overseas and the cost of transporting the products between the United States and overseas destinations. Specifically, increased production of natural gas or crude from mainland North America may increase or decrease the demand for bulk liquid terminals. This situation continues to develop and the effects are not yet predictable.

In addition, changes in government regulations that affect imports and exports of bulk chemical, petroleum, renewable fuels and vegetable and animal oil products, including the imposition of surcharges or taxes on imported or exported products, could adversely affect import and export volumes to and from the United States. A reduction in demand for bulk liquid terminals, particularly in the New York Harbor or the Lower Mississippi River, as a consequence of lower U.S. domestic demand for, or imports/exports of, chemical, petroleum or vegetable and animal oil products, could lead to a decline in storage rates and tankage volumes rented out by IMTT and adversely affect IMTT s revenue and profitability and the distributions it makes to us.

IMTT s business could be adversely affected by a substantial increase in bulk liquid terminals capacity in the locations where it operates or in other alternative or substitute locations.

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

Some of IMTT s current agreements may be terminated at the end of the current renewal term upon requisite notice or renewed on different terms. If one or more of the current agreements is terminated and IMTT is unable to secure comparable alternative arrangements, its financial condition and results of operations may be adversely affected.

Upon expiration the agreement can be terminated by either party upon the giving of the requisite notice. If any of IMTT s agreements is terminated and IMTT is unable to secure comparable alternative arrangements, IMTT may not be able to generate sufficient additional revenue from third parties to replace any shortfall. Additionally, IMTT may incur substantial costs if modifications to its terminals are required by a new or renegotiated agreement.

If IMTT does not deploy capital for growth or make such deployment on economically acceptable terms, any future growth of the business may be limited.

A portion of IMTT s historical growth has been dependent on the deployment of capital for growth. While MIC believes that there remains considerable opportunity for IMTT to deploy growth capital at levels similar to those experienced between 2006 and 2012, if IMTT cannot find projects with economically acceptable terms, or if IMTT management chooses not to pursue such projects, or co-investor does not support future growth of this business will be limited.

TABLE OF CONTENTS

We believe that the experience of IMTT s senior executives in managing large scale businesses is limited. Furthermore, the members of the executive management team have generally remained unchanged (in terms of number and personnel) throughout this period of growth.

We believe that the executive management of IMTT has limited experience running and operating a business of the size to which IMTT has grown. To the extent that IMTT s executive management is not enhanced or developed, MIC believes that the business may underperform.

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

IMTT has a number of customers that together generate a material proportion of IMTT s revenue and gross profit. In 2013, IMTT s ten largest customers by revenue generated approximately 51.3% of terminal revenue. The insolvency of any of these large customers could result in an increase in unutilized storage capacity in the absence of such capacity being rented to other customers and adversely affect IMTT s revenue and profitability and the distributions it makes to us.

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

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

Risks Related to Hawaii Gas

Disruptions or shutdowns at either of the oil refineries on Oahu from which Hawaii Gas obtains both LPG and the primary feedstock for its SNG plant may have an adverse effect on the operations of the business.

Hawaii Gas processes SNG and distributes SNG and LPG. SNG feedstock or LPG supply disruptions could increase Hawaii Gas costs as a result of an inability to source feedstock at rates comparable to those being paid currently. The extended unavailability of one or both of the refineries or disruption to crude oil supplies or feedstock to Hawaii could also result in an increased reliance on off-island sources. An inability to purchase LPG from off-island sources would adversely affect operations. The business is also limited in its ability to store LPG, and any disruption in supply may cause a depletion of LPG stocks.

On September 26, 2013, HIE completed its purchase of Tesoro Hawaii, currently the business only contracted source of feedstock for SNG. The SNG contract automatically renews for an additional 90 day terms unless either party provides 60 days notice of its intent to terminate the contract. Changes in HIE s future operations could significantly and adversely impact Hawaii Gas s utility business. Although a contingency plan to replace SNG feedstock is in place, an inability to execute this plan in a timely or cost effective manner could cause a significant disruption and potentially result in operating cost increases and/or capital expenditures. The business is also limited in its ability to store SNG feedstock in the event of a disruption. All supply disruptions of SNG or LPG, if occurring for an extended period, could adversely impact the business contribution margin and cash flows.

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

The profitability of Hawaii Gas is based on the margin of sales prices over costs. Since LPG and feedstock for the SNG plant are commodities, changes in global supply of and demand for these products can

30

TABLE OF CONTENTS

have a significant impact on costs. In addition, increased reliance on higher-priced off-island sources of LPG, whether as a result of disruptions to or shortages in local sources or otherwise, could also have a significant impact on costs. Hawaii Gas has no control over these costs, and, to the extent that these costs cannot be passed on to customers, the business financial condition and the results of operations would be adversely affected. Higher prices could result in reduced customer demand or customer conversion to alternative energy sources, or both, that would reduce the volume of gas sold and adversely affect the profitability of Hawaii Gas.

Hawaii Gas relies on its SNG plant, including its transmission pipeline, for a significant portion of its sales. Disruptions at that facility could adversely affect the business ability to serve customers.

Disruptions at the SNG plant resulting from mechanical or operational problems or power failures could affect the ability of Hawaii Gas to produce SNG. Most of the utility sales on Oahu are of SNG and all SNG is produced at the Oahu plant. Disruptions to the primary and redundant production systems would have a significant adverse effect on Hawaii Gas s revenues and cash flows.

Hawaii Gas s operations on the islands of Hawaii, Maui and Kauai rely on LPG that is transported to those islands by Jones Act qualified barges from Oahu and from non-Jones Act vessels from off-island ports. Disruptions to service by those vessels could adversely affect the financial performance of the business.

The Jones Act requires that all goods transported by water between U.S. ports be carried in U.S.-flag ships and that they meet certain other requirements. The business has time charter agreements allowing the use of two barges that currently have a cargo capacity of approximately 420,000 gallons and 500,000 gallons of LPG, respectively. The barges used by the business are the only two Jones Act qualified barges available in the Hawaiian Islands capable of carrying large volumes of LPG. If the barges are unable to transport LPG from Oahu and the business is not able to secure off-island sources of LPG or obtain an exemption to the Jones Act that would permit importation of a sufficient quantity of LPG from the mainland U.S., the profitability of the business could be adversely impacted. If the barges require refurbishment or repair at a greater frequency than forecast, cash outflows for capital costs could adversely impact Hawaii Gas s results and cash flows.

The operations of Hawaii Gas are subject to a variety of competitive pressures and the actions of competitors, particularly those involved in other energy sources, could have a materially adverse effect on operating results.

Other fuel sources such as electricity, diesel, solar energy, geo-thermal, wind, other gas providers and alternative energy sources may be substituted for certain gas end-use applications, particularly if the price of gas increases relative to other fuel sources, whether due to higher costs or otherwise. Customers could, for a number of reasons, including increased gas prices, lower costs of alternative energy or convenience, meet their energy needs through alternative sources. This could have an adverse effect on the business revenues and cash flows.

The most significant costs for Hawaii Gas are locally-sourced LPG, LPGimports and feedstock for the SNG plant, th

Hawaii Gas s utility business is subject to regulation by the Hawaii Public Utilities Commission, or HPUC, and actions by the HPUC or changes to the regulatory environment may constrain the operation or profitability of the business.

The HPUC regulates all franchised or certificated public service companies operating in Hawaii; prescribes rates, tariffs, charges and fees; determines the allowable rate of earnings in establishing rates; issues guidelines concerning the general management of franchised or certificated utility businesses; and acts on requests for the acquisition, sale, disposition or other exchange of utility properties, including mergers and consolidations.

Any adverse decision by the HPUC concerning the level or method of determining utility rates, the items and amounts that may be included in the rate base, the returns on equity or rate base found to be reasonable, the potential consequences of exceeding or not meeting such returns, or any prolonged delay in rendering a decision in a rate or other proceeding, could have an adverse effect on the business.

TABLE OF CONTENTS

As part of MIC s acquisition, the business agreed to 14 regulatory conditions with the HPUC that address a variety of matters including: a requirement that Hawaii Gas and HGC s ratio of consolidated debt to total capital does not exceed 65%; and a requirement to maintain $20.0 million in readily-available cash resources at Hawaii Gas, HGC or MIC. The business is currently in compliance with these conditions, however future non-compliance with these or other HPUC regulatory conditions, could adversely impact the profitability of Hawaii Gas.

The RNG and LNG initiatives expose Hawaii Gas to new supply, counterparty, facility, technology and regulatory risks.

Hawaii Gas continues to evaluate a range of RNG sources for conversion into pipeline quality gas in scale quantities. These initiatives include a multi-year project utilizing animal fat and non-food grade oils as well as ongoing commercial negotiations to source bio gas from waste water treatment plants and landfills. The technology used to produce RNG from non-petroleum based feedstock is not widely used at scale and typically requires significantly greater conversion, transport and storage costs. Beginning March 31, 2012, Hawaii Gas must report annually to the HPUC the percentage of feedstock and quantity of gas produced from non-petroleum feedstock. In the event Hawaii Gas fails to produce a reasonable proportion of gas from renewable and sustainable sources, regulators could impose renewable portfolio standards on the business, resulting in significantly increased energy costs to the business and its customers.

Hawaii Gas has invested over $4.0 million to evaluate and plan for LNG transport from the mainland and utilization by the business, as well as to commence training and development of systems required for regulatory approval. This project is subject to ongoing implementation risk including but not limited to: the timely issuance of necessary permits, licenses and approvals by governmental agencies and third parties; unanticipated changes in market demand or supply; competition with similar projects; site difficulties; environmental conditions; delays of critical equipment and materials; and commercial arrangements to transport and distribute LNG. If the project is delayed beyond the estimated implementation period, the actual cost of planning and implementation may increase beyond the amounts currently estimated in our capital and operating budgets. A delay in implementation would also cause a delay in the receipt of projected revenues which may cause our financial results to be negatively impacted.

Hawaii Gas is subject to risks associated with volatility in the Hawaii economy.

Tourism and government activities (including the military) are two of the largest components of Hawaii s economy. Hawaii s economy is heavily influenced by economic conditions in the U.S. and Asia and their impact on tourism, as well as by government spending. A large portion of Hawaii Gas s sales are generated by businesses that rely on tourism. If the local economy deteriorates, the volume of gas sold could be negatively affected by business closures and/or lower usage and adversely impact the business financial performance. Additionally, a lack of growth in the Hawaiian economy could reduce the level of new residential construction, and adversely impact growth in volume from new residential customers. A reduction in government activity, particularly military activity, or a shift by either away from the use of gas products, could also have a negative impact on Hawaii Gas s results.

Reductions in U.S. military spending could result in a reduction in demand for gas in Hawaii.

The U.S. military has a significant presence in Hawaii. To the extent that federal spending cuts, including voluntary cuts in U.S. military spending or mandatory cuts pursuant to sequestration, result in a reduced military presence in

Hawaii, such reductions could reduce the demand for gas products in Hawaii.

Because of its geographic location, Hawaii, and in turn Hawaii Gas, is subject to earthquakes and certain weather risks that could materially disrupt operations.

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

Because of its geographic location and the unique economy of Hawaii, Hawaii Gas is subject to challenges in hiring and maintaining staff with specialized skill sets.

The changing nature of the Hawaiian energy complex, combined with the impact of the global economic recession has had an impact on the Company s staffing requirements. Volatility in feedstock prices, together with the impact of the State of Hawaii s goals to reduce dependency on imported petroleum, requires staff with specialized knowledge of the energy sector. Because the resident labor pool in Hawaii is both small, and oriented mainly to Hawaii s basic industries, it is difficult to find individuals with the ideal skill sets. Moreover, relocation to Hawaii is costly and often requires employees to make cultural and family adjustments not normally required for a change of employment. The inability to source and retain staff with appropriate skill sets could adversely impact the performance of the business.

Risks Related to Atlantic Aviation

Deterioration in the economy in general or in the aviation industry that results in less air traffic at airports that Atlantic Aviation services would have a material adverse impact on our business.

A large part of the business revenue is derived from fuel sales and other services provided to general aviation customers and, to a lesser extent, commercial air travelers. An economic downturn could reduce the level of air travel, adversely affecting Atlantic Aviation. General aviation travel is primarily a function of economic activity. Consequently, during periods of economic downturn, FBO customers are more likely to curtail air travel.

Air travel and air traffic volume can also be affected by events that have nationwide and industry-wide implications. Events such as wars, outbreaks of disease, severe weather and terrorist activities in the United States or overseas may reduce air travel. Local circumstances include downturns in the general economic conditions of the area where an airport is located or other situations in which the business major FBO customers relocate their home base or preferred fueling stop to alternative locations.

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

Atlantic Aviation is subject to a variety of competitive pressures, and the actions of competitors may have a material adverse effect on its revenue.

FBO operators at a particular airport compete based on a number of factors, including location of the facility relative to runways and street access, service, value added features, reliability and price. Many of Atlantic Aviation s FBOs compete with one or more FBOs at their respective airports and with FBOs at nearby airports. Furthermore, leases related to FBO operations may be subject to competitive bidding at the end of their term. Some present and potential competitors may have or may obtain greater financial and marketing resources than Atlantic Aviation, which may negatively impact Atlantic Aviation s ability to compete at each airport or for lease renewal. Some competitors may aggressively or irrationally price their bids for airport concessions, which may limit the business ability to grow or renew its portfolio.

Atlantic Aviation s FBOs do not have the right to be the sole provider of FBO services at any airport. The authority responsible for each airport has the ability to grant other leases to other operators and new competitors could be established at those airports. The addition of new competitors may reduce or impair Atlantic Aviation s ability to grow or improve its financial performance.

Failure to complete, or realize anticipated performance from, the Galaxy or Boca Acquisitions could negatively impact Atlantic Aviation; the business increased indebtedness after the acquisitions could reduce our operating flexibility.

Completing the Galaxy and Boca Acquisitions are subject to a number of conditions, and we may not complete them on a timely basis or at all, which could have an adverse effect on the business and results of operations of our Atlantic Aviation business.

33

FBO industry participants are often smaller, private companies with less sophisticated information systems and financial reporting and control capabilities. Galaxy Aviation and Boca Aviation are privately owned and have financial reporting and control systems that are less sophisticated than ours. If we complete the Galaxy Acquisition or the Boca Acquisition, we may be unable to integrate the assets into our existing operations on a timely basis or to achieve expected efficiencies. The integration could be expensive and could be time consuming for our management.

We may not be able to achieve anticipated levels of financial performance at the acquired assets within our expected time frames or at all. In addition, Atlantic Aviation has incurred indebtedness to fund a portion of the acquisitions. This increased level of indebtedness will increase interest expense and could reduce funds available for reinvestment or distribution to MIC.

The termination for cause or convenience of one or more of the FBO leases would damage Atlantic Aviation s operations significantly.

Atlantic Aviation s revenue is derived from long-term leases at 63 airports in the U.S. If Atlantic Aviation defaults on the terms and conditions of its leases, including upon insolvency, the relevant authority may terminate the lease without compensation. In this case, Atlantic Aviation would then lose the income from that location and potentially the expected returns from prior capital expenditures. Atlantic Aviation would also likely be in default under the loan agreements and be obliged to repay its lenders a portion or the entire outstanding loan amount. Any such events would have a material adverse effect on Atlantic Aviation s results of operations.

Increased pricing competition at Atlantic Aviation may have an adverse effect on market share and fuel margins, causing a decline in the profitability of that business.

Atlantic Aviation s competitors may pursue more aggressive pricing strategies. These competitors may operate FBOs at a number of airports where Atlantic Aviation operates or at airports near where it operates. Excessive price discounting may cause fuel volume and market share decline, potential decline in hangar rentals and de-icing and may result in increased margin pressure, adversely affecting the profitability of this business.

Reductions in U.S. military spending could result in a reduction in demand for services provided by Atlantic Aviation at certain airports in the U.S.

The U.S. military operates non-combat aircraft that are serviced at Atlantic Aviation FBOs around the U.S. and combat and non-combat aircraft at certain airports where fuel and fuel-related services are provided by Atlantic Aviation. Cuts in U.S. military spending, to the extent they result in a reduction in the number of flights by military aircraft, could reduce fuel and non-fuel revenue at Atlantic Aviation.

Deterioration of business jet traffic at airports where Atlantic Aviation operates would decrease Atlantic Aviation s ability to refinance its debt.

As of December 31, 2013, Atlantic Aviation had total long-term debt outstanding of $517.8 million, consisting of $512.6 million in term loan debt and $5.2 million in stand-alone debt facilities. The terms of these debt arrangements require compliance with certain operating and financial covenants. The ability of Atlantic Aviation to meet their respective debt service obligations and to refinance or repay their outstanding indebtedness will depend primarily upon cash produced by this business.

The Transportation Security Administration, or TSA, is considering new regulations which could impair the relative convenience of general aviation and adversely affect demand for Atlantic Aviation s services.

The TSA has proposed new regulations known as the Large Aircraft Security Program (LASP), which would require all U.S. operators of general aviation aircraft exceeding 12,500 pounds maximum take-off weight to implement security programs that are subject to TSA audit. In addition, the proposed regulations would require airports servicing these aircraft to implement security programs involving additional security measures, including passenger and baggage screening. The business believes these new regulations, if implemented, will affect many of Atlantic Aviation s customers and all of the airports at which it operates.

Deterioration of business jet traffic at airports where Atlantic Aviationoperates would decrease Atlantic Aviation s al

TABLE OF CONTENTS

These rules, if adopted, could decrease the convenience and attractiveness of general aviation travel relative to commercial air travel and, therefore, may adversely impact demand for Atlantic Aviation s services. These proposed regulations are moving very slowly and implementation is not expected in the near future.

The lack of accurate and reliable industry data can result in unfavorable strategic planning, mergers and acquisitions and macro pricing decisions.

The business uses industry and airport-specific general aviation traffic data published by the FAA to identify trends in the FBO industry. The business also uses this traffic data as a key input to decision-making in strategic planning, mergers and acquisitions and macro pricing matters. However, as noted by the FAA on their website, the data has several limitations and challenges. As a result, the use of the FAA traffic data may result in conclusions in strategic planning, mergers and acquisitions or macro pricing decisions that are ultimately unfavorable.

Risks Related to Contracted Power and Energy

CP depends on counterparties performing in accordance with their agreements. If they fail to so perform, our CP businesses could incur substantial expenses and business disruptions which could materially adversely affect financial condition, cash flows and results of operations.

CP is exposed to the risk that counterparties under long-term agreements will not perform their obligations in accordance with such agreements. Should they fail to so perform, CP may be required to acquire alternative purchasers of the power produced by CP facilities. The failure of any of the parties to perform in accordance with these agreements could adversely affect CP s results of operations, cash flows and financial condition.

CP is the managing member of the operating LLCs that own the solar generation facilities in Arizona, Texas and California. CP s failure to uphold its obligations as managing member could materially adversely affect CP s financial condition, cash flows and result of operations.

CP has entered into an operating LLC agreement as managing member with a co-investor for the solar generation facilities in Arizona, Texas and California. As managing member, CP is obligated to perform certain actions, including providing certain reporting items to its co-investor and the filing of correct and timely tax returns. As managing member, CP is also obligated to refrain from performing certain actions, including selling its interest to certain entities that would result in adverse economic outcomes to CP and its co-investor due to tax regulations. If CP were to cause an adverse tax outcome for its co-investor, CP would be liable. CP s failure to perform its obligations or to take any actions contrary to its obligations under any or all operating LLC agreements could adversely affect CP s results of operations, cash flows and financial condition.

The generation of electricity from solar PV is dependent on meteorological conditions. If conditions are unfavorable, CP s generation facilities may underperform which could materially adversely affect CP s financial condition, cash flows and result of operations.

CP s power generation facilities are dependent on the available solar resource. Historical solar availability is used to project expected power generation. Actual conditions are beyond our control and may vary from our projections. If actual conditions cause material underperformance, CP s result of operations, cash flows and financial condition may be materially adversely affected. This may cause default under some or all of CP s debt facilities and/or limit CP s ability to pay distributions to MIC.

CP depends on electric interconnection and transmission facilities that we do not own or control and that are potentially subject to transmission constraints. If these facilities fail to provide adequate transmission capacity, CP may be restricted in its ability to deliver electricity to customers.

CP depends on electric interconnection and transmission facilities owned and operated by others to deliver the power it generates, under specific contracts agreed with CP. Within these contracts there are provisions that allow for occasional curtailment of electricity generated by CP due to the limitations of the transmission system or electricity grid. Any constraints that prevent CP from delivering power could adversely affect CP s results of

35

operations, cash flows and financial condition. Additionally, any failure in the operation of these interconnections or transmission facilities could prevent CP from selling power and in certain cases, for example force majeure, could adversely affect CP s results of operations, cash flows and financial condition.

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

In order to operate the district cooling system in downtown Chicago, the business has obtained the right to use certain public ways of the City of Chicago under a use agreement, which we refer to as the Use Agreement. Under the terms of the Use Agreement, the City of Chicago retains the right to use the public ways for a public purpose and has the right in the interest of public safety or convenience to cause the business to remove, modify, replace or relocate its facilities at the expense of the business. If the City of Chicago exercises these rights, DE could incur significant costs and its ability to provide service to its customers could be disrupted, which would have an adverse effect on the business financial condition and results of operations. In addition, the Use Agreement is non-exclusive, and the City of Chicago is entitled to enter into use agreements with the business potential competitors.

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

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

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

In order to secure any amendment to the Use Agreement with the City of Chicago to pursue expansion plans or otherwise, or to enter into other contracts with the City of Chicago, the City of Chicago may require any person who owns or acquires 15% or more of our LLC interests to make a number of representations to the City of Chicago by filing a completed EDS. Our LLC agreement requires that in the event that we need to obtain approval from the City of Chicago in the future for any specific matter, including to expand the district cooling system or to amend the Use Agreement, we and each of our then 15% investors would need to submit an EDS to the City of Chicago within 30 days of the City of Chicago s request. In addition, our LLC agreement requires each 15% investor to provide any supplemental information needed to update any EDS filed with the City of Chicago as required by the City of Chicago and as requested by us from time to time.

Any EDS filed by an investor may become publicly available. By completing and signing an EDS, an investor will have waived and released any possible rights or claims which it may have against the City of

36

TABLE OF CONTENTS

Chicago in connection with the public release of information contained in the EDS and also will have authorized the City of Chicago to verify the accuracy of information submitted in the EDS. The requirements and consequences of filing an EDS with the City of Chicago will make compliance with the EDS requirements difficult for our investors.

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

The deteriorating financial condition of the City of Chicago may provide it with the incentive to take positions on contracts with DE that could have an adverse effect on the cash flows generated of the business.

DE has several long-term contracts with the City of Chicago, some of which contain early buy-out provisions, pursuant to which the City may terminate the contracts early. The City may take an aggressive position on the buy-outs in an effort to save costs, which may lead to disputes with the City.

In the event we are unable to resolve such disputes, our financial condition and results of operations could be adversely affected, whilst we litigate or take other steps to protect our rights. We may be required to incur significant litigation costs, and the attention of DE s management may be diverted for extended periods.

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

In the event of a shutdown of one or more of DE s plants due to operational breakdown, strikes, the inability to retain or replace key technical personnel or events outside its control, such as an electricity blackout, or unprecedented weather conditions in Chicago, DE may be unable to continue to provide chilling and heating services to all of its customers. As a result, DE may be in breach of the terms of some or all of its customer contracts. In the event that such customers elect to terminate their contracts with DE as a consequence of their loss of service, its revenue may be materially adversely affected. In addition, under a number of contracts, DE may be required to pay damages to a customer in the event that a cessation of service results in loss to that customer.

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

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

Weather conditions and conservation efforts may negatively impact DE s results of operations.

DE s earnings are generated by the sale of cooling and heating services. Weather conditions that are significantly cooler than normal in DE s service areas may negatively affect demand for the services it provides. Demand for its services may also be reduced by the conservation efforts of its customers and by any

37

TABLE OF CONTENTS

conservation mandated by regulations to curb the effects of climate change and global warming. A reduction in demand for DE s services could adversely affect DE s results of operations.

Risks Related to Ownership of Our Stock

Our reported Earnings per Share (EPS), as defined under GAAP, do not reflect the cash generated by our businesses and investments and may result in unfavorable comparisons with other businesses for which EPS is a useful component in valuation.

Our businesses and investments own and invest in high-value, long-lived assets that generate large amounts of depreciation and amortization. Depreciation and amortization are non-cash expenses that serve to reduce reported EPS. As a result, our financial performance may appear to be substantially worse compared with businesses whose earnings do not reflect the effects of depreciation and amortization (or other non-cash items). To the extent that our results appear to be worse, we may have relatively greater difficulty attracting investors in our stock.

Our inability, under GAAP, to consolidate the financial results of our largest business makes it relatively more difficult to analyze the cash generation of our combined businesses.

Our investment in IMTT is not consolidated for financial reporting purposes; rather it is accounted for using the equity method. The equity method requires us to include an amount of IMTT s GAAP net income equal to our equity interest in the business (50%) in our consolidated statement of operations. To the extent that IMTT owns and invests in high-value, long-lived physical assets that are depreciated over relatively short periods of time, its net income can be negligible or negative in any given period. As a consequence, the performance of IMTT may have relatively little impact on our consolidated statement of operations.

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

Our total assets reflect a substantial amount of goodwill and other intangible assets. At December 31, 2013, goodwill and other intangible assets, net, represented approximately 44.3% of total assets. Goodwill and other intangible assets were primarily recognized as a result of the acquisitions of our businesses and investments. Other intangible assets consist primarily of airport operating rights, customer relationships and trade names. On at least an annual basis, we assess whether there has been any impairment in the value of goodwill and assess for impairment of other intangible assets when there are triggering events or circumstances. If the carrying value of the tested asset exceeds its estimated fair value, impairment is deemed to have occurred. In this event, the amount is written down to fair value. Under current accounting rules, this would result in a charge to reported earnings. We have recognized significant impairments in the past, and any future determination requiring the write-off of a significant portion of goodwill or other intangible assets would negatively affect our reported earnings and total capitalization, and could be material.

Our total assets include a substantial amount of goodwill, intangible assets and fixed assets. The depreciation and amortization of these assets may negatively impact our reported earnings.

The high level of intangible and physical assets written up to fair value upon acquisition of our businesses generates substantial amounts of depreciation and amortization. These non-cash items serve to lower net income as reported in our consolidated statement of operations as well as our taxable income. The generation of net losses or relatively small net income may contribute to a net operating loss (NOL) carryforward that can be used to offset current taxable income in future periods. However, the continued reporting of little or negative net income may adversely affect the attractiveness of the Company among some potential investors and may reduce the market for our LLC interests.

MIC s complex structure and financial reporting may make it difficult for some investors to value our LLC interests.

We are a limited liability company structured as a non-operating holding company of several operating businesses and one substantial, unconsolidated investment. We have elected to be treated as a corporation for tax purposes. Our consolidated federal income tax group is comprised of two of our operating businesses and our allocated share of the taxable income from CP, which is treated as a partnership for tax purposes. Our investment and one of our operating businesses file stand-alone federal income tax returns. To the extent we receive distributions either from our investment or operating business that is not a part of our tax group, and these distributions are characterized as a dividend for tax purposes (as opposed to a return of capital), such distributions would be eligible for the federal dividends received deductions (80% exclusion in calculating taxes). These and other factors may make it difficult for some potential investors, particularly those without a moderate level of financial acumen, to accurately assess the value of our LLC interests and may adversely impact the market for our LLC interests.

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

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

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

restrictions on the Company s ability to enter into certain transactions with our major shareholders, with the exception of our Manager, modeled on the limitation contained in Section 203 of the Delaware General Corporation Law;
allowing only the Company s Board of Directors to fill vacancies, including newly created directorships and requiring that directors may be removed only for cause and by a shareholder vote of 66 2/3%;
requiring that only the Company s chairman or Board of Directors may call a special meeting of our shareholders;
prohibiting shareholders from taking any action by written consent;
establishing advance notice requirements for nominations of candidates for election to the Company s Board of Directors or for proposing matters that can be acted upon by our shareholders at a shareholders meeting;
having a substantial number of additional LLC interests authorized but unissued;
providing the Company s Board of Directors with broad authority to amend the LLC agreement; and
requiring that any person who is the beneficial owner of 15% or more of our LLC interests make a number of representations to the City of Chicago in its standard form of EDS, the current form of which is included in our LLC agreement, which is incorporated by reference as an exhibit to this report.

Certain provisions of the management services agreement and the operatingagreement of the Company makes it d

TABLE OF CONTENTS

Our Manager owns a significant portion of MIC s shares outstanding. A sale of all or a portion of the interests owned by our Manager could be interpreted by the equity markets as a lack of confidence in the prospects of the Company.

Our Manager, in its sole discretion, determines whether to reinvest base and performance fees in shares and whether to hold or sell those securities. Reinvestment of base and performance fees in additional shares would increase our Manager s ownership stake in the Company. As of February 14, 2014, our Manager owned 5.63% of our outstanding LLC interests. If our Manager decides, for reasons other than the performance and prospects of the Company, to reduce its position in the Company, such sales may be interpreted by some market participants as a lack of confidence in the Company and put downward pressure on the market price of our shares.

Our Manager s decision to reinvest its monthly base management fees and quarterly performance fees, as applicable, in LLC interests or retain the cash will affect holders of LLC interests differently.

Our Manager earned $32.0 million and $53.4 million in base management and performance fees, respectively, during 2013. These fees are based on the Company s market capitalization and performance and may be higher or lower than these levels in the future. Our Manager, in its sole discretion, may elect to retain base management fees and performance fees, if applicable, paid in cash or to reinvest such payments in additional LLC interests. In the event the Manager chooses not to reinvest the fees to which it is entitled in additional LLC interests, the amount paid will reduce the cash that may otherwise be distributed as a dividend to all shareholders or used in the Company s operations. In the event the Manager chooses to reinvest the fees to which it is entitled in additional LLC interests, effectively returning the cash to us, such reinvestment will dilute existing shareholders by the increase in the percentage of shares owned by the Manager. Either option may adversely impact the market for our LLC interests.

In addition, the Manager has elected to invest its fees in LLC interests, and can only change this election during an 18-trading day window following the Company s earnings release. Any change would apply to fees paid thereafter. Accordingly, shareholders would have notice of the Manager s intent to receive fees in cash rather than reinvest before the change was effective.

Our reported EBITDA excluding non-cash items and Free Cash Flow will be lower if the Manager elects to retain base management and/or performance fees in cash as compared with its election to reinvest such base management and/or performance fees in additional LLC interests. The amount by which these items are lower could be material. See Management s Discussion and Analysis of Financial Condition and Results of Operations Results of Operations in Part II, Item 7 for further information on how we calculate these items and what management uses these items for.

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

Our Manager has the right, under the management services agreement, to resign at any time with 90 days notice, whether we have found a replacement or not. The resignation of our Manager will trigger mandatory repayment obligations under debt facilities at certain of our operating companies. In addition, the Manager could re-assign or remove the CEO and/or the CFO from their positions and responsibilities at the Company without the Board s approval and with little or no notice. If our Manager resigns or our CEO/CFO are removed, we may not be able to find a new external manager or hire internal management with similar expertise within 90 days to provide the same or equivalent services on acceptable terms, or at all. If we are unable to do so quickly, our operations are likely to experience a disruption, our financial results could be adversely affected, perhaps materially, and the market price of our LLC interests may decline substantially. In addition, the coordination of our internal management, acquisition activities and supervision of our businesses and investments are likely to suffer if we were unable to identify and reach an agreement with a single institution or group of executives having the expertise possessed by our Manager and its affiliates.

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

TABLE OF CONTENTS

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

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

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

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

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

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

our LLC interests underperform a weighted average of two benchmark indices by more than 30% in relative terms and more than 2.5% in absolute terms in 16 out of 20 consecutive quarters prior to and including the most recent full quarter, and the holders of a minimum of 66.67% of the outstanding LLC interests (excluding any LLC interests owned by our Manager or any affiliate of the Manager) vote to remove our Manager;

our Manager materially breaches the terms of the management services agreement and such breach continues unremedied for 60 days after notice;

our Manager acts with gross negligence, willful misconduct, bad faith or reckless disregard of its duties in carrying out its obligations under the management services agreement, or engages in fraudulent or dishonest acts; or

our Manager experiences certain bankruptcy events.

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

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

The market price of our LLC interests may fluctuate significantly. Many factors that are beyond our control may significantly affect the market price and marketability of our LLC interests and may adversely affect our ability to raise capital through equity financings. These factors include, but are not limited to, the following:

- price and volume fluctuations in the stock markets generally;

41

- significant volatility in the market price and trading volume of securities of Macquarie Group Limited and/or vehicles managed by the Macquarie Group or branded under the Macquarie name or logo;
- significant volatility in the market price and trading volume of securities of registered investment companies, business development companies or companies in our sectors, which may not be related to the operating performance of these companies;
- changes in our earnings or variations in operating results;
- any shortfall in EBITDA excluding non-cash items or Free Cash Flow from levels expected by securities analysts;
- changes in regulatory policies or tax law;
- operating performance of companies comparable to us; and
- loss of funding sources.

Risks Related to Taxation

We have significant Net Operating Loss (NOL) Carryforwards that may be fully utilized over the next several years thereby subjecting us to payment of substantial federal income taxes and reducing our distributable Free Cash Flow.

We may, without the deployment of additional capital, acquisition of businesses with NOLs, payment of performance fees or implementation of other strategies that provide us with additional tax shield, fully utilize our existing NOLs before the end of 2016. At that point we may be subject to federal income taxes in consolidation and any liability could be material. Any liability will reduce distributable Free Cash Flow and could prevent the growth or reduce the rate of growth of our dividends.

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

Under current law, qualified dividend income and long-term capital gains are taxed to non-corporate investors at a maximum U.S. federal income tax rate of 20% beginning in 2013. This tax treatment may be adversely affected, changed or repealed by future changes in tax laws at any time. In addition, certain holders that are individuals, estates or trusts are subject to 3.8% surtax on all or a portion of their net investment income, which may include all or a portion of their dividend income and net gains from the disposition of our LLC interests. This may affect market perceptions of our Company and the market price of our LLC interests could be negatively affected.

Our ability to use our NOL carryforwards to offset future taxable income may be subject to certain limitations.

In general, under Section 382 of the Internal Revenue Code of 1986, as amended, or the Code, a corporation (or other entity taxable as a corporation, such as the Company) that undergoes an ownership change is subject to limitations on its ability to utilize its pre-change NOLs and certain other tax attributes to offset future taxable income. Generally speaking, an ownership change occurs if the aggregate percentage ownership of the stock of the corporation held by one or more five-percent shareholders (as defined in the Code) increases by more than fifty percentage points over such shareholders lowest percentage ownership during the testing period, which is generally the three year-period ending on the transaction date. If we undergo an ownership change, our ability to utilize NOLs and certain other tax attributes could be limited.

We have significant income tax NOLs, which may not be realized before they expire.

We have $198.6 million in federal NOL carryforwards at December 31, 2013. While we have concluded that all but $7.8 million of the NOLs will more likely than not be realized, there can be no assurance that we will utilize the NOLs generated to date or any NOLs we might generate in the future. In addition, we have incurred state NOLs and have provided a valuation allowance against a portion of those. As with our federal NOLs, there is also no assurance that we will utilize those state losses or future losses that may be generated.

Further, the State of Illinois has suspended the use of NOL carryforwards through 2014, similar to the State of California s suspension of an NOL deduction through 2011 for large corporations. There can be no assurance that other states will not suspend the use of NOL carryforwards or that California and Illinois will not extend the suspension of the use of NOL carryforwards.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

ITEM 2. PROPERTIES

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

IMTT

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

Hawaii Gas

Hawaii Gas has facilities and equipment on all major Hawaiian Islands including: leased land beneath the SNG plant; several LPG holding tanks and cylinders; approximately 1,000 miles of underground piping, of which approximately 900 miles are on Oahu; and a 22-mile transmission pipeline from the SNG plant to Pier 38 in Honolulu.

A summary of selected properties, by island, follows. For more information regarding Hawaii Gas s operations, see Our Businesses and Investments Hawaii Gas Fuel Supply, SNG Plant and Distribution System in Part I, Item 1.

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

Kauai	Tank storage facility and baseyard	Island-wide operations	Lease
Hawaii	Office, tank storage facilities and baseyard	Island-wide operations	Own

Atlantic Aviation

Atlantic Aviation does not own any real property. Its operations are carried out under various long-term leases. The business leases office space for its head office in Plano, Texas. For more information regarding Atlantic Aviation s FBO locations, see Our Businesses and Investments Atlantic Aviation Business Locations in Part I, Item 1.

Atlantic Aviation owns or leases a number of vehicles, including fuel trucks and other equipment needed to provide service to customers. Routine maintenance is performed on this equipment and a portion is

TABLE OF CONTENTS

replaced in accordance with a pre-determined schedule. Atlantic Aviation believes that the equipment is generally well maintained and adequate for present operations. Changes in market conditions allowed Atlantic Aviation to move to purchasing or procuring capital leases for larger equipment. Atlantic Aviation believes that these assets are a core part of the business and have long useful lives making ownership desirable if conditions permit.

Contracted Power and Energy

Contracted Power (CP)

At December 31, 2013, CP owns five solar PV generation facilities. The business owns the solar panels and leases the land.

Project	State	Ownership or Lease Information
Tucson	Arizona	Long-term property lease until 2032.
Presidio	Texas	Long-term property leases until 2037 and 2039.
DMAFB	Arizona	Long-term property lease until 2039.
Valley Center	California	Long-term property lease until 2038.
Ramona	California	Long-term property lease until 2037.

For further details, see Our Business and Investments Contracted Power and Energy Business Overview in Part I, Item 1.

District Energy (DE)

DE owns or leases five plants in Chicago as follows:

Plant Number	Ownership or Lease Information
P-1	The building and equipment are owned by DE and the business has a long-term property lease until 2043 with an option to renew for 49 years.
P-2	Property, building and equipment are owned by DE.
P-3	DE has a property lease that expires in 2033 with a right to renew for ten years. The equipment is owned by DE, but the landlord has a purchase option over approximately one-fourth of the equipment.
P-4	DE has a property lease that expires in 2016 and the business may renew the lease for another 10 years for the P-4B property unilaterally, and for P-4A, with the consent of the landlord. The equipment at P-4A and P-4B is owned by DE. The landlord can terminate the service agreement and the P-4A property lease upon transfer of the property, on which P-4A and P-4B are located, to a third-party.
P-5	DE has an exclusive perpetual easement for the use of the basement where the equipment is located. The equipment is owned by DE.

DE also owns approximately 15 miles of underground piping through which it distributes chilled water from its facilities to the customers in downtown Chicago.

The equipment at DE s Las Vegas facility is housed in its own building on a parcel of leased property within the perimeter of a resort. The property lease expires in 2020 and is co-terminous with the supply contract with the resort.

The building and equipment are owned by DE and upon expiration of the lease the business is required to either abandon the building and equipment or remove them at the landlord s expense. For further details, see Our Business and Investments Contracted Power and Energy Business Overview in Part I, Item 1.

ITEM 3. LEGAL PROCEEDINGS

IMTT Bayonne Clean Air Act

Section 185 of the Clean Air Act (CAA) requires States (or in the absence of state action, the EPA) in severe and extreme non-attainment areas to adopt a penalty for major stationary sources of volatile organic compounds and nitrogen oxides if the area fails to attain the one-hour ozone National Ambient Air Quality Standard (NAAQS) set by the EPA. IMTT s Bayonne facility is a major stationary source of volatile organic compounds and nitrogen oxides in the New Jersey-Connecticut severe non-attainment area. Although we believe IMTT s Bayonne facility is in substantial compliance with CAA obligations, the subject area failed to meet the required NAAQS by the attainment date in 2007 and as a consequence IMTT-Bayonne believes it is likely to be assessed a penalty linked to its 2008 to 2011 emissions that were in excess of baseline levels. IMTT expects that the penalty related to these matters will be less than $500,000 in the aggregate and that it will be payable in 2014 or later. IMTT continues to work to reduce, to the extent feasible, its emissions in order to avoid or reduce potential future penalties.

IMTT St. Rose Clean Air Act

On December 16, 2010, the Louisiana Department of Environmental Quality (LADEQ) notified IMTT of alleged violations of emissions limits in the Clean Air Act Title V Permit at the IMTT St. Rose facility. The violations involve engine emissions exceedences, which were subsequently repermitted to higher limits. IMTT had self-disclosed these exceedences to the LADEQ. IMTT is in settlement discussions with the LADEQ. Based on these discussions, we believe that resolution of this matter may result in payment of a civil penalty not expected to exceed $200,000.

Hawaii Gas Clean Air Act

On December 13, 2012, the U.S. Environmental Protection Agency (EPA) notified Hawaii Gas of alleged violations of Section 112(r)(7) of the Clean Air Act and the implementing regulations of the provisions at its SNG Plant (the Plant). The EPA alleged that the business failed to timely report a 2010 release of sodium hydroxide, and identified related deficiencies in audits, certifications and inspections of the Plant. Hawaii Gas disputed several of the allegations and held settlement discussions with the EPA. Based on these discussions, the business believes that resolution of this matter will result in payment of a civil penalty not expected to exceed $155,000.

Hawaii Gas believes that it is in compliance in all material respects with all other applicable state and federal environmental laws and regulations. In connection with the business normal operations and routine inspections, management maintains ongoing contact with various regulatory and environmental agencies to resolve compliance matters that arise from time to time. Under normal operating conditions, its facilities do not generate hazardous waste.

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

ITEM 4. MINE SAFETY DISCLOSURES

Not Applicable.

45

PART II

ITEM 5. MARKET FOR REGISTRANT S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

Market Information

Our LLC interests are traded on the NYSE under the symbol MIC . The following table sets forth, for the fiscal periods indicated, the high and low sales prices per LLC interest on the NYSE:

	High	Low
Fiscal 2012		
First Quarter	$ 33.35	$ 27.25
Second Quarter	35.86	31.90
Third Quarter	43.21	32.38
Fourth Quarter	46.18	40.76
Fiscal 2013		
First Quarter	$ 54.33	$ 45.66
Second Quarter	59.90	50.01
Third Quarter	58.88	52.01
Fourth Quarter	57.16	52.50
Fiscal 2014		
First Quarter (through February 14, 2014)	$ 58.90	$ 51.52

As of February 14, 2014, we had 56,349,701 LLC interests issued and outstanding that we believe were held by 100 holders of record, representing approximately 19,000 beneficial holders.

Dividend Policy

MIC has been structured to provide investors with an opportunity to generate an attractive total return based on the capital appreciation resulting from the improved operating performance of our businesses and investments over time and the payment of a cash dividend that we hope will grow over time. Our dividend is determined based on the cash flows available to the MIC holding company from its operating companies. It is our current intent to pay out 80% to 85% percent of the cash that is freely distributable at the MIC level, subject to maintaining a prudent level of reserves and without creating undue volatility in the amount of such dividends where possible.

We receive distributions from Atlantic Aviation, Hawaii Gas and from our interests in IMTT and CP. The cash generated by DE is being used to reduce that business indebtedness. We do not believe that our inability to make distributions from DE impacts the sustainability of our dividend.

Since January 1, 2012, MIC has made or declared the following dividends:

Declared	Period Covered	$ per LLC Interest	Record Date	Payable Date
February 18, 2014	Fourth quarter 2013	$ 0.9125	March 3, 2014	March 6, 2014
October 25, 2013	Third quarter 2013	$ 0.875	November 11, 2013	November 14, 2013
July 29, 2013	Second quarter 2013	$ 0.875	August 12, 2013	August 15, 2013
April 26, 2013	First quarter 2013	$ 0.6875	May 13, 2013	May 16, 2013
December 12, 2012	Fourth quarter 2012	$ 0.6875	December 24, 2012	December 28, 2012
October 29, 2012	Third quarter 2012	$ 0.6875	November 12, 2012	November 15, 2012
July 30, 2012	Second quarter 2012	$ 0.625	August 13, 2012	August 16, 2012
April 30, 2012	First quarter 2012	$ 0.20	May 14, 2012	May 17, 2012
February 1, 2012	Fourth quarter 2011	$ 0.20	March 5, 2012	March 8, 2012

TABLE OF CONTENTS

Tax Treatment of 2013 Dividends

The Company has determined that 31% of the dividends paid in 2013 were characterized as a dividend, with the balance characterized as a return of capital. The Company believes that the dividend portion will be eligible for treatment as qualified dividend income for U.S. federal income tax purposes, subject to the shareholder having met the holding period requirements as defined by the Internal Revenue Code.

Future dividends, if any, may be characterized as a dividend or a return of capital depending on the earnings and profits of the Company as determined in accordance with Internal Revenue Code. Holders of MIC LLC interests are encouraged to seek their own tax advice with regard to their investment in MIC.

Future Dividends

We currently intend to distribute 80% to 85% of the Free Cash Flow generated by our businesses in the form of a quarterly cash dividend to our shareholders. We define Free Cash Flow as cash from operating activities, which includes cash paid for interest and taxes, less maintenance capital expenditures and changes in working capital.

The payment of a quarterly cash dividend of $0.9125 per share for the quarter ended December 31, 2013 is being paid out of Free Cash Flow generated by certain of our operating entities and supplemented by cash on hand at MIC. In determining whether to change the amount of the dividend in the future, our Board will take into account such matters as the state of the capital markets and general business conditions, the Company s financial condition, results of operations, capital requirements, capital opportunities and any contractual, legal and regulatory restrictions on the payment of dividends by the Company to its shareholders or by its subsidiaries to the Company, and any other factors that it deems relevant. In particular, each of the Company s businesses and investments has debt commitments and restrictive covenants, which must be satisfied before any of them can make distributions to the Company. Any or all of these factors could affect both the timing and amount, if any, of future dividends. See Management s Discussion and Analysis of Financial Condition and Results of Operations Liquidity and Capital Resources in Part II, Item 7.

We believe our current policy of distributing cash equal to approximately 80% to 85% of the Free Cash Flow generated by our businesses, combined with potential for growth in Free Cash Flow at a high single-digit rate annually over the medium term, in each case, subject to the continued stable performance of MIC s businesses and prevailing economic conditions, supports our view of the Company as a potentially attractive total return investment opportunity. From 2007 through 2013, our proportionately combined Free Cash Flow per share grew at a compound annual rate of 12.3% per year. See Management s Discussion and Analysis of Financial Condition and Results of Operations Results of Operations Consolidated Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA) excluding non-cash items and Free Cash Flow in Part II, Item 7 for further information on our calculation of Free Cash Flow.

TABLE OF CONTENTS

ITEM 6. SELECTED FINANCIAL DATA

The selected financial data includes the results of operations, cash flow and balance sheet data for the years ended, and as of, December 31, 2013, 2012, 2011, 2010, and 2009 for our consolidated group, with the results of businesses acquired during those five years being included from the date of each acquisition. The selected financial data for each of the five years in the period ended December 31, 2013 have been derived from the consolidated financial statements of the Company, which financial statements have been audited by KPMG LLP, independent registered public accountants. The information below should be read in conjunction with the consolidated financial statements (and notes thereon) and Management s Discussion and Analysis of Financial Condition and Results of Operations in Part II, Item 7.

	Macquarie Infrastructure Company LLC				
	Year Ended Dec 31, 2013	Year Ended Dec 31, 2012	Year Ended Dec 31, 2011	Year Ended Dec 31, 2010	Year Ended Dec 31, 2009
	($ In Thousands, Except Share and Per Share Data)				
Statement of operations data:					
Revenue					
Revenue from product sales	$685,997	$677,164	$639,521	$514,344	$394,200
Revenue from product sales utility	137,486	144,439	140,746	113,752	95,769
Service revenue	213,973	207,907	203,532	204,852	215,349
Financing and equipment lease income	3,563	4,536	4,992	7,843	4,758
Total revenue	1,041,019	1,034,046	988,791	840,791	710,076
Cost of revenue					
Cost of product sales	454,761	462,229	437,049	326,734	233,376
Cost of product sales utility	117,499	122,254	116,413	90,542	73,907
Cost of services(1)	47,760	52,609	52,744	53,088	46,317
Gross profit	420,999	396,954	382,585	370,427	356,476
Selling, general and administrative expenses	210,060	213,372	202,486	201,787	209,783
Fees to manager related party	85,367	89,227	15,475	10,051	4,846
Goodwill impairment(2)					71,200
Depreciation(3)	39,150	31,587	33,815	29,721	36,813
Amortization of intangibles(4)	34,651	34,601	42,107	34,898	60,892
Loss from customer contract termination	5,906				
Loss (gain) on disposal of assets(5)	226	(1,358)	1,522	17,869	
Total operating expenses	375,360	367,429	295,405	294,326	383,534
Operating income (loss)	45,639	29,525	87,180	76,101	(27,058)
Interest income	204	222	112	29	119
Interest expense(6)	(37,044)	(46,623)	(59,361)	(106,834)	(95,456)
Loss on extinguishment of debt	(2,472)				
Equity in earnings and amortization charges of investee	39,115	32,327	22,763	31,301	22,561
Loss on derivative instruments					(25,238)

Other income, net	681	1,085	912	712	570
Net income (loss) from continuing operations before income taxes	46,123	16,536	51,606	1,309	(124,502)
(Provision) benefit for income taxes	(18,043)	(2,285)	(22,718)	8,697	15,818
Net income (loss) from continuing operations	$28,080	$14,251	$28,888	$10,006	$(108,684)
Net income (loss) from discontinued operations, net of taxes				81,323	(21,860)
Net income (loss)	$28,080	$14,251	$28,888	$91,329	$(130,544)
Less: net (loss) income attributable to noncontrolling interests	(3,174)	930	1,545	659	(1,377)
Net income (loss) attributable to MIC LLC	$31,254	$13,321	$27,343	$90,670	$(129,167)

48

TABLE OF CONTENTS

	Macquarie Infrastructure Company LLC				
	Year Ended Dec 31, 2013	Year Ended Dec 31, 2012	Year Ended Dec 31, 2011	Year Ended Dec 31, 2010	Year Ended Dec 31, 2009
	($ In Thousands, Except Share and Per Share Data)				
Basic income (loss) per share from continuing operations attributable to MIC LLC interest holders	$0.61	$0.29	$0.59	$0.21	$(2.43)
Basic income (loss) per share from discontinued operations attributable to MIC LLC interest holders				1.78	(0.44)
Basic income (loss) per share attributable to MIC LLC interest holders	$0.61	$0.29	$0.59	$1.99	$(2.87)
Weighted average number of shares outstanding: basic	51,381,003	46,635,049	45,995,207	45,549,803	45,020,085
Diluted income (loss) per share from continuing operations attributable to MIC LLC interest holders	$0.61	$0.29	$0.59	$0.21	$(2.43)
Diluted income (loss) per share from discontinued operations attributable to MIC LLC interest holders				1.78	(0.44)
Diluted income (loss) per share attributable to MIC LLC interest holders	$0.61	$0.29	$0.59	$1.99	$(2.87)
Weighted average number of shares outstanding: diluted	51,396,146	46,655,289	46,021,015	45,631,610	45,020,085
Cash dividends declared per share	$3.35	$2.20	$0.80	$	$

	Macquarie Infrastructure Company LLC				
	Year Ended Dec 31, 2013	Year Ended Dec 31, 2012	Year Ended Dec 31, 2011	Year Ended Dec 31, 2010	Year Ended Dec 31, 2009
	($ In Thousands)				
Statement of cash flows data:					
Cash flow from continuing operations					
Cash provided by operating activities	$155,117	$217,911	$91,042	$98,555	$82,976
Cash (used in) provided by investing activities	(139,636)	2,477	(39,682)	(24,774)	(516)
Cash provided by (used in) financing activities	76,516	(101,798)	(53,137)	(76,528)	(117,818)
Net increase (decrease) in cash	$91,997	$118,590	$(1,777)	$(2,747)	$(35,358)
Cash flow from discontinued operations					
Cash used in operating activities	$	$	$	$(12,703)	$(4,732)
				134,356	(445)

Cash provided by (used in) investing activities					
Cash (used in) provided by financing activities				(124,183)	2,144
Cash used in discontinued operations[7]	$	$	$	$(2,530)	$(3,033)
Change in cash of discontinued operations held for sale[7]	$	$	$	$2,385	$(208)

(1) Includes depreciation expense of $6.7 million, $6.7 million, $6.6 million, $6.6 million and $6.1 million for the years ended December 31, 2013, 2012, 2011, 2010 and 2009, respectively, relating to District Energy, a component of Contracted Power and Energy segment.

(2) Reflects non-cash impairment charges of $71.2 million recorded during the first six months of 2009 at Atlantic Aviation.

(3) Includes non-cash impairment charges of $1.4 million and $7.5 million recorded during the second quarter of 2011 and first six months of 2009, respectively, at Atlantic Aviation.

(4) Includes non-cash impairment charges of $7.3 million and $23.3 million for contractual arrangements recorded during the second quarter of 2011 and first six months of 2009, respectively, at Atlantic Aviation.

(5) Loss on disposal of assets includes $226,000, $1.5 million and $17.9 million for FBOs disposed at Atlantic Aviation during the years ended December 31, 2013, 2011 and 2010, respectively. Gain on disposal of assets includes $1.4 million for FBOs disposed at Atlantic Aviation during the year ended December 31, 2012.

(6) Interest expense includes adjustments to derivative instruments, non-cash amortization of deferred financing fees and interest rate swap breakage fees. Interest rate swap breakage fees at Hawaii Gas were $8.7 million for the year ended December 31, 2012. Interest rate swap breakage fees at Atlantic Aviation were $595,000, $2.3 million, $5.5 million and $8.8 million for the years ended December 31, 2012, 2011, 2010 and 2009, respectively.

(7) Cash of discontinued operations held for sale is reported in assets of discontinued operations held for sale in our consolidated balance sheets. The cash used in discontinued operations is different than the change in cash of discontinued operations held for sale due to intercompany transactions that are eliminated in consolidation.

	Macquarie Infrastructure Company LLC				
	Dec 31, 2013	Dec 31, 2012	Dec 31, 2011	Dec 31, 2010	Dec 31, 2009
	($ In Thousands)				
Balance sheet data:					
Assets of discontinued operations held for sale	$	$	$	$	$ 86,695
Total current assets from continuing operations	403,519	253,910	143,313	125,427	129,866
Property, equipment, land and leasehold improvements, net[(1)]	854,169	708,031	561,022	563,451	580,087
Intangible assets, net[(2)]	592,850	626,902	662,135	705,862	751,081
Goodwill[(3)]	514,494	514,640	516,175	514,253	516,182
Total assets	$ 2,500,865	$ 2,223,694	$ 2,168,633	$ 2,196,742	$ 2,339,221
Liabilities of discontinued operations held for sale	$	$	$	$	$ 220,549
Total current liabilities from continuing operations	271,452	245,330	148,902	171,286	174,647
Deferred income taxes	189,719	169,392	177,262	156,328	107,840
Long-term debt, net of current portion	831,027	1,052,584	1,086,053	1,089,559	1,166,379
Total liabilities	1,347,597	1,526,129	1,474,773	1,510,047	1,764,453
Members' equity	$ 1,042,228	$ 655,028	$ 703,682	$ 691,149	$ 578,526

(1) Includes non-cash impairment charges of $1.4 million and $7.5 million recorded during the second quarter of 2011 and first six months of 2009, respectively, at Atlantic Aviation.

(2) Includes non-cash impairment charges of $7.3 million and $23.3 million for contractual arrangements recorded during the second quarter of 2011 and first six months of 2009, respectively, at Atlantic Aviation.

(3) Reflects non-cash impairment charges of $71.2 million recorded during the first six months of 2009 at Atlantic Aviation.

TABLE OF CONTENTS

ITEM 7. MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

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

We own, operate and invest in a diversified group of infrastructure businesses that provide services, such as aircraft fueling, contracted power generation and utility gas services to businesses and individuals primarily in the U.S. Our businesses are a 50% interest in International-Matex Tank Terminals, or IMTT; Hawaii Gas; Atlantic Aviation; and interests in solar power generation facilities and a district cooling business that together comprise our Contracted Power and Energy segment.

Our businesses generally operate in sectors of infrastructure with barriers to entry, including high initial development and construction costs, the existence of long-term contracts or the requirement to obtain government approvals and a lack of immediate cost-efficient alternatives to the services provided. Overall they tend to generate sustainable long-term cash flows.

In analyzing the financial condition and results of operations of our businesses, we focus primarily on cash generation, and our ability to distribute cash to shareholders in particular. The ability of our businesses to generate cash, broadly, is tied to their ability to effectively manage the volume of products sold or services provided and the margin earned on those transactions. Offsetting these are required payments on debt facilities, taxes and capital expenditures necessary to maintain the productivity of the fixed assets of the businesses, among others.

At IMTT, we focus on the generation of terminal revenue and on making appropriate expenditures in maintaining fixed assets of the business. IMTT seeks to attract third party storage from customers who place a premium on ease of access, and operational flexibility.

At Hawaii Gas, we look to grow the number of customers served and in the case of the non-utility portion, the margins achieved on gas sales as well. Hawaii Gas has an active marketing program that seeks to develop new customers throughout Hawaii. In addition to the existing utility and non-utility operations, Hawaii Gas is seeking to advance initiatives related to the distribution of LNG.

At Atlantic Aviation, our focus is on attracting and maintaining relationships with general aviation aircraft owners and pilots so that they use our FBOs. The number of general aviation flight movements has grown consistently since the first quarter of 2009 and we believe that flight activity will continue to increase during 2014, subject to continued improvement of the U.S. economy generally.

Within Contracted Power and Energy, we are focused on deploying capital effectively in the growth of the businesses within the segment. We believe we can achieve attractive risk-adjusted returns on investments in contracted power generation in particular.

Prior to 2013 year-end, the Company reported Contracted Power and District Energy in separate reportable segments. The Company assessed its businesses and operating segments and determined to combine these two businesses into one reportable segment covering the Company s long-term Contracted Power and Energy segment, which the Company believes better reflects how these businesses are managed and allocated capital.

Atlantic Aviation Credit Agreement

On May 31, 2013, Atlantic Aviation entered into a credit agreement (the AA Credit Agreement) that provides the business with a seven-year, $465.0 million senior secured first lien term loan facility and a five year, $70.0 million senior secured first lien revolving credit facility. Proceeds of the term loan facility, together with proceeds from the May of 2013 equity offering discussed below and cash on hand, were used to repay all of the amounts outstanding under Atlantic Aviation s then existing credit agreement dated September 27, 2007.

51

TABLE OF CONTENTS

In addition, on November 7, 2013, Atlantic Aviation entered into an incremental $50.0 million term loan under the AA Credit Agreement, that provides the business with a seven-year senior secured first lien term loan facility.

For a description of the material terms of Atlantic Aviation s credit facilities, see Note 9, Long-Term Debt , in our consolidated financial statements in Financial Statements and Supplementary Data in Part II, Item 8, of this Form 10-K.

Atlantic Aviation Acquisitions

Galaxy Acquisition

Atlantic Aviation has entered into an agreement to acquire certain of the assets of Galaxy Aviation, including substantially all of the assets of five FBOs and one new hangar that is currently under construction at one of the five airports at which the FBOs operate, for $195.0 million. The Company expects to fund the acquisition using a combination of cash on hand and an increase in Atlantic Aviation s term loan facility. The transaction is expected to close at the end of the first quarter of 2014, subject to the receipt of consents from the relevant airport authorities and satisfaction of other closing conditions typically associated with a transaction of this size and type.

On January 22, 2014, Atlantic Aviation entered into an incremental $100.0 million term loan under the AA Credit Agreement. This incremental indebtedness will primarily be used to partially fund the acquisition of five FBOs from Galaxy Aviation, as discussed above. These proceeds are currently undrawn and Atlantic Aviation is paying a 0.50% per annum ticking fee until the date of funding which is expected to coincide with the closing of the acquisition at the end of the first quarter of 2014. Consistent with the two other term loans under the AA Credit Agreement, the business expects to fix the floating rate on this facility using an interest rate swap.

Boca Aviation Acquisition

On February 14, 2014, Atlantic Aviation signed an agreement to acquire certain of the assets of an FBO at Boca Raton Airport in Florida from Boca Aviation for $35.0 million. The Company expects to fund the acquisition using a combination of cash on hand and proceeds from the recent upsizing of the AA Credit Agreement. The transaction is expected to close at the end of the first quarter of 2014, subject to the receipt of the airport authority s consent and satisfaction of other closing conditions typically associated with a transaction of this size and type.

MIC Equity Offerings

On May 8, 2013, the Company completed an underwritten public offering and sale of 3,756,500 LLC interests pursuant to the shelf registration statement on Form S-3 (shelf) filed with the Securities and Exchange Commission on April 8, 2013. On May 16, 2013, the Company sold an additional 133,375 LLC interests in this offering pursuant to the exercise of the underwriters over-allotment option. The Company received proceeds from the offering of $217.8 million, net of underwriting fees and expenses.

On December 18, 2013, the Company completed an underwritten public offering and sale of 2,125,200 LLC interests pursuant to the shelf and an additional 318,780 LLC interests pursuant to the exercise of the underwriters over-allotment option. The Company received proceeds from the offering of $123.2 million, net of underwriting fees and expenses.

Second Amended and Restated Management Service Agreement

On September 30, 2013, Macquarie Infrastructure Company LLC entered into a Second Amended and Restated Management Services Agreement (the Amended Agreement), among the Company, Macquarie Infrastructure Company Inc. and the Manager. The amendments to the agreement revised the payment mechanics related to the base management fee payable by the Company to the Manager, and aligned the share price used to calculate the base management fee with the share price at which the Manager may reinvest the base management fee in LLC interests. Effective October 1, 2013, pursuant to the Amended Agreement, base management fees are calculated and payable monthly rather than quarterly. In addition, the Manager has elected to invest its fees in LLC interests, and can only change this election during an 18-trading day window

52

TABLE OF CONTENTS

following the Company s earnings release. Any change would apply to fees paid thereafter. Accordingly, shareholders would have notice of the Manager s intent to receive fees in cash rather than reinvest before the change was effective. Performance fees continue to be calculated and, if generated, paid quarterly. No substantive changes to the formulas or methodology used to calculate the amount of the base management or performance fees that may be due to the Manager were made. The Amended Agreement also made certain non-substantive changes to eliminate parties and provisions that are no longer relevant.

Shelf Registration Statement and MIC Direct

On April 8, 2013, the Company filed an automatic shelf registration statement on Form S-3 (shelf) with the Securities and Exchange Commission to issue and sell an indeterminate amount of its LLC interests and debt securities in one or more future offerings. Along with the shelf, the Company filed a prospectus supplement with respect to a dividend reinvestment/direct stock purchase program named MIC Direct . The prospectus supplement relates to the issuance of up to 1.0 million additional LLC interests to participants in MIC Direct. The Company may also choose to fill requests for reinvestment of dividends or share purchases through MIC Direct via open market purchases.

Income Taxes

We file a consolidated federal income tax return that includes the taxable income of Hawaii Gas, Atlantic Aviation and our allocated share of the taxable income from CP, which is treated as a partnership for tax purposes. IMTT and DE file separate federal income tax returns.

Distributions from IMTT and DE may be characterized as non-taxable returns of capital and reduce our tax basis in these businesses, or as a taxable dividend. We will include in our taxable income the dividend portion of any distributions, which are eligible for the 80% Dividends Received Deduction. We also receive and include in taxable income interest income from DE on intercompany debt.

As a result of having federal net operating loss, or NOL, carryforwards, we do not expect to make regular federal tax payments until 2016. For 2013, we expect to report a current year taxable loss of $4.1 million and we do not expect to make a Federal Alternative Minimum Tax payment. However, we expect DE to pay an Alternative Minimum Tax of approximately $137,000. We expect that the Alternative Minimum Tax paid for 2013 will be available as a credit against regular federal income taxes in the future. The cash state and local taxes paid by our individual businesses are discussed in the sections entitled Income Taxes for each of these businesses.

Pursuant to tax sharing agreements, the individual businesses included in our consolidated federal income tax return pay MIC an amount equal to the federal income taxes each would have paid on a standalone basis as if they were not part of the MIC consolidated federal income tax return.

American Taxpayer Relief Act of 2012

In January of 2013, the American Taxpayer Relief Act of 2012 (the 2012 Tax Act) was signed. The 2012 Tax Act extends the period over which the 50% bonus depreciation provided for in the Tax Relief, Unemployment Insurance Reauthorization Act of 2010 (the 2010 Tax Act) applies to include 2013. The Company took the bonus depreciation provision into consideration when evaluating its maintenance and growth capital expenditure plans for 2013.

Results of Operations

Consolidated

Key Factors Affecting Operating Results for 2013 Compared to 2012:

- an increase in terminal revenue at IMTT;
- lower interest expense driven by lower average cost of debt and reduced debt levels primarily at Atlantic Aviation;
- improved gross profit at Atlantic Aviation;
- an increase in gross profit at CP&E due to results contributed by CP;

53

Results of Operations: Consolidated (continued)

- an increase in non-utility contribution margin at Hawaii Gas; and
- decrease in performance fee incurred in 2013 compared with 2012.

Key Factors Affecting Operating Results for 2012 Compared to 2011:

- an increase in average storage rates at IMTT;
- higher volume of general aviation (GA) fuel sold and lower interest expense at Atlantic Aviation; and
- an increase in non-utility contribution margin at Hawaii Gas; partially offset by
- performance fees incurred in 2012;
- reduced spill response activity in 2012 compared with 2011 at IMTT; and
- reduced de-icing revenue at Atlantic Aviation.

TABLE OF CONTENTS

Results of Operations: Consolidated (continued)

Our consolidated results of operations are as follows:

	Year Ended December 31,			Change (From 2012 to 2013) Favorable/(Unfavorable)		Change (From 2011 to 2012) Favorable/(Unfavorable)	
	2013	2012	2011	$	%	$	%
	($ In Thousands) (Unaudited)						
Revenue							
Revenue from product sales	$ 685,997	$677,164	$639,521	8,833	1.3	37,643	5.9
Revenue from product sales utility	137,486	144,439	140,746	(6,953)	(4.8)	3,693	2.6
Service revenue	213,973	207,907	203,532	6,066	2.9	4,375	2.1
Financing and equipment lease income	3,563	4,536	4,992	(973)	(21.5)	(456)	(9.1)
Total revenue	1,041,019	1,034,046	988,791	6,973	0.7	45,255	4.6
Costs and expenses							
Cost of product sales	454,761	462,229	437,049	7,468	1.6	(25,180)	(5.8)
Cost of product sales utility	117,499	122,254	116,413	4,755	3.9	(5,841)	(5.0)
Cost of services	47,760	52,609	52,744	4,849	9.2	135	0.3
Gross profit	420,999	396,954	382,585	24,045	6.1	14,369	3.8
Selling, general and administrative	210,060	213,372	202,486	3,312	1.6	(10,886)	(5.4)
Fees to manager related party	85,367	89,227	15,475	3,860	4.3	(73,752)	NM
Depreciation	39,150	31,587	33,815	(7,563)	(23.9)	2,228	6.6
Amortization of intangibles	34,651	34,601	42,107	(50)	(0.1)	7,506	17.8
Loss from customer contract termination	5,906			(5,906)	NM		
Loss (gain) on disposal of assets	226	(1,358)	1,522	(1,584)	(116.6)	2,880	189.2
Total operating expenses	375,360	367,429	295,405	(7,931)	(2.2)	(72,024)	(24.4)
Operating income	45,639	29,525	87,180	16,114	54.6	(57,655)	(66.1)
Other income (expense)							
Interest income	204	222	112	(18)	(8.1)	110	98.2
Interest expense[(1)]	(37,044)	(46,623)	(59,361)	9,579	20.5	12,738	21.5
Loss on extinguishment of debt	(2,472)			(2,472)	NM		
Equity in earnings and amortization charges of investee	39,115	32,327	22,763	6,788	21.0	9,564	42.0
Other income, net	681	1,085	912	(404)	(37.2)	173	19.0
Net income before income taxes	46,123	16,536	51,606	29,587	178.9	(35,070)	(68.0)

Provision for income taxes	(18,043)	(2,285)	(22,718)	(15,758)	NM	20,433	89.9
Net income	$28,080	$14,251	$28,888	13,829	97.0	(14,637)	(50.7)
Less: net (loss) income attributable to noncontrolling interests	(3,174)	930	1,545	4,104	NM	615	39.8
Net income attributable to MIC LLC	$31,254	$13,321	$27,343	17,933	134.6	(14,022)	(51.3)

NM Not meaningful

(1) Interest expense includes losses on derivative instruments of $7.5 million, $21.6 million and $35.0 million for the years ended December 31, 2013, 2012 and 2011, respectively.

TABLE OF CONTENTS

Results of Operations: Consolidated (continued)

Gross Profit

Consolidated gross profit increased from 2012 to 2013 reflecting improved results at Atlantic Aviation, an increased contribution from CP and improved results at Hawaii Gas. This increase was partially offset by a reduction in cooling consumption gross profit at DE during 2013.

Consolidated gross profit increased from 2011 to 2012 reflecting improved results in the non-utility business at Hawaii Gas. In addition, the increase in gross profit for 2012 reflects higher volume of GA fuel sold and higher weighted average GA fuel margins, partially offset by reduced de-icing revenue at Atlantic Aviation.

Selling, General and Administrative Expenses

Selling, general and administrative expenses decreased in 2013 compared with 2012 primarily as a result of lower legal fees at the MIC holding company level, most significantly those incurred in connection with the arbitration and related matters involving MIC and its co-investor in IMTT incurred during 2012. These improvements were partially offset by an increase in transactional costs at Atlantic Aviation in connection with the acquisitions of an FBO in Kansas City and the five Galaxy FBOs and an increase in Hawaii Gas primarily related to severance costs.

Selling, general and administrative expenses increased in 2012 compared with 2011 primarily as a result of legal costs at the MIC holding company level, most significantly those incurred in the arbitration proceedings and related matters between MIC and its IMTT co-investor. Selling, general and administrative expenses also include costs incurred in connection with the acquisition of CP during the fourth quarter of 2012. Selling, general and administrative expenses were also higher at Hawaii Gas due primarily to medical and benefit costs and overtime.

Fees to Manager

Our Manager is entitled to a base management fee based primarily on our market capitalization, and potentially a performance fee, based on the performance of our stock relative to a U.S. utilities index. For the years ended December 31, 2013, 2012 and 2011, we incurred base management fees of $32.0 million, $21.9 million and $15.5 million, respectively. For the years ended December 31, 2013 and 2012 we incurred performance fees of $53.4 million and $67.3 million, respectively. Our Manager elected to reinvest the base management and performance fees in additional LLC interests. For the year ended December 31, 2011, our Manager did not earn a performance fee.

TABLE OF CONTENTS

Results of Operations: Consolidated (continued)

The unpaid portion of the base management fees and performance fees, if any, at the end of each reporting period is included in due to manager-related party in the consolidated balance sheets. The following table shows our Manager s election to reinvest its base management fees and performance fees, if any, in additional LLC interests.

Period	Base Management Fee Amount ($ in thousands)	Performance Fee Amount ($ in thousands)	LLC Interests Issued	Issue Date
2013 Activities:				
Fourth quarter 2013	$ 8,455	$	155,943	(1)
Third quarter 2013	8,336	6,906	278,480	December 19, 2013
Second quarter 2013	8,053	24,440	603,936	September 04, 2013
First quarter 2013	7,135	22,042	522,638	June 05, 2013
2012 Activities:				
Fourth quarter 2012	$ 6,299	$ 43,820	980,384	March 20, 2013
Third quarter 2012	5,844	23,509	695,068	December 05, 2012
Second quarter 2012	4,760			