FOSTER L B CO
Form DEFA14A
April 17, 2006

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a)

of the Securities Exchange Act of 1934

(Amendment No.)

Filed by the Registrant x

Filed by a Party other than the Registrant ¨

Check the appropriate box:

¨ Preliminary Proxy Statement
x Definitive Proxy Statement
¨ Definitive Additional Materials
¨ Soliciting Material Pursuant to §240.14a-12

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L.B. Foster Company

(Name of Registrant as Specified In Its Charter)

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

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¨ No fee required.

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

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

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(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

L.B. FOSTER COMPANY

415 Holiday Drive

Pittsburgh, Pennsylvania 15220

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

TO BE HELD MAY 24, 2006

To the Stockholders:

L.B. Foster Company will hold its annual stockholders   meeting at the Company s principal executive offices at 415 Holiday Drive, Pittsburgh, Pennsylvania on Wednesday, May 24, 2006 at 11:00 a.m., local time, for the purposes of:

1. Electing a board of seven directors for the ensuing year.

2. Approving the 2006 Omnibus Incentive Plan

3. Any other matters that properly come before the stockholders at the meeting.

Only holders of record of common stock at the close of business on March 30, 2006 will be entitled to vote at the meeting or at any adjournment thereof. The stock transfer books will not be closed. The list of stockholders entitled to vote will be available for examination by any stockholder during ordinary business hours, at the Company s principal executive offices, 415 Holiday Drive, Pittsburgh, Pennsylvania, 15220, for a period of ten days prior to the meeting.

Your vote at the annual meeting is important to us. Please vote your shares of common stock by completing the enclosed proxy card and returning it to us in the enclosed envelope.

David L. Voltz

Secretary

Pittsburgh, Pennsylvania

April 19, 2006

L.B. FOSTER COMPANY

PROXY STATEMENT

GENERAL INFORMATION

This proxy statement is furnished in connection with the solicitation of proxies by the Board of Directors of L.B. Foster Company (the Company) for use at the annual meeting of stockholders to be held May 24, 2006 and at any adjournment thereof. This proxy statement, the enclosed form of proxy and the Company s 2005 Annual Report were mailed to stockholders on or about April 19, 2006. Any proxy given pursuant to this solicitation may be revoked at any time before its use by written notice of revocation delivered to the Company at its principal executive offices, 415 Holiday Drive, Pittsburgh, Pennsylvania 15220, attention: Secretary, or by attendance at the meeting and voting in person.

The presence, in person or by proxy, of the record holders of a majority of the Company s outstanding common stock is necessary to constitute a quorum. At the close of business on March 30, 2006, the record date for entitlement to vote at the meeting (Record Date), there were 10,204,995 shares of common stock outstanding. A quorum will therefore require the presence, in person or by proxy, of the holders of at least 5,102,498 shares. Where a stockholder s proxy or ballot indicates that no vote is to be cast on a particular matter (including broker non-votes) the shares of such stockholder are nevertheless counted as being present at the meeting for the purposes of the vote on that matter.

Only holders of record of the common stock at the close of business on the Record Date are entitled to notice of and to vote at the meeting or at any adjournment thereof. Such stockholders will have one vote for each share held on that date. The common stock does not have cumulative voting rights in the election of directors. Directors shall be elected by a plurality of the votes cast from the shares present in person or represented by proxy at the meeting. Broker non-votes are not deemed to have been cast.

If the enclosed form of proxy is properly executed and returned, it will be voted as directed. If no directions are given, the proxy will be voted FOR the election as directors of the seven nominees named herein and FOR approval of the 2006 Omnibus Incentive Plan. With respect to all matters which the Company did not have written notice of on or before March 10, 2006, the proxy confers discretionary authority to vote on such matters to Lee B. Foster II, Chairman of the Board and Stan L. Hasselbusch, President and Chief Executive Officer.

The cost of soliciting proxies will be borne by the Company. Officers or employees of the Company may solicit proxies by mail, telephone, e-mail or facsimile. The Company does not expect to pay any compensation for the solicitation of proxies, but under arrangements made with brokers, custodians, nominees and fiduciaries to send proxy material to the beneficial owners of shares held by them, the Company may reimburse them for their expenses.

Stock Ownership

The following table shows the number of shares of common stock beneficially owned on the Record Date by:

each person who has reported beneficial ownership of more than 5% of the Company s common stock;

each director or nominee for director;

each executive officer named in the Summary Compensation Table on page 13; and

all directors and executive officers as a group.

Information concerning the owners of more than 5% of the Company s common stock is based upon their reports furnished to the Company and may not be current.

Stock Ownership	**Number of Shares Owned (a)**	**Percent of Shares (b)**
More Than 5% Stockholders:		
Dimensional Fund Advisors Inc. (c)	617,130(d)	6.05
Royce & Associates, LLC (c)	715,036	7.01
Tontine Management, L.L.C., Tontine Partners, L.P. (c)(e)	678,072	6.64
Jeffrey L. Gendell (c)(e)	1,330,936	13.04
Nominees for Directors:		
Lee B. Foster II	399,154	3.84
Stan L. Hasselbusch	283,869	2.72
Henry J. Massman IV	54,329	*
G. Thomas McKane		
Diane B. Owen	28,546	*
John W. Puth	92,246	*
William H. Rackoff	75,246	*
Certain Executive Officers:		
Donald L. Foster	10,000	*
Senior Vice President Construction		
Samuel K. Fisher	51,168	*
Senior Vice President Rail		
David J. Russo	41,179	*
Senior Vice President, Chief Financial Officer and Treasurer		
David L. Voltz	55,543	*
Vice President, General Counsel and Secretary		
All Directors and Executive Officers as a Group	1,179,804	10.69

* Less than one percent of the Company s outstanding common stock

(a) This column shows the number of shares with respect to which the named person or group had direct or indirect sole or shared voting or investment power, whether or not beneficially owned. It also includes shares which the named person or group had the right to acquire within 60 days after the Record Date through the exercise of stock options (192,500 for Mr. Lee B. Foster, 40,000 for Mr. Massman, 20,000 for Ms. Owen, 50,000 for Mr. Puth, 40,000 for Mr. Rackoff, 220,000 for Mr. Hasselbusch, 2,500 for Mr. Donald Foster, 41,250 for Mr. Fisher, 37,500 for Mr. Russo, 35,000 for Mr. Voltz and 821,900 for the directors and executive officers of the Company as a group). The column also includes the share equivalents contained in the 401(k) plan maintained by the Company (26,354 for Mr. Lee B. Foster, 26,053 for Mr. Hasselbusch, 4,243 for Mr. Fisher, 479 for Mr. Russo, 3,312 for Mr. Voltz and 71,665 for the executive officers as a group). Mr. Lee B. Foster also holds an indirect interest in 5,000 shares held in an investment plan maintained by a separate company.

(b) The percentages in this column are based on the assumption that any shares which the named person has the right to acquire within 60 days after the Record Date have been acquired and are outstanding.

(c) The address of Dimensional Fund Advisors Inc. is 1299 Ocean Avenue, 11th Floor, Santa Monica, CA 90401 and the address of Royce and Associates, Inc. is 1414 Avenue of Americas, New York, NY 10019. The address of Tontine Partners, L.P., Tontine Management, L.L.C. and Jeffrey L. Gendell is 55 Railroad Avenue, 3rd Floor, Greenwich, CT 06830.

(d) These shares reportedly are owned by investment advisory clients for which Dimensional Fund Advisors Inc. serves as investment manager.

(e) Tontine Management, L.L.C. (TM), the general partner of Tontine Partners, L.P. (TP), has the power to direct the affairs of TP. Mr. Gendell is the managing member of TM and certain other entities which own, inter alia, Company stock. TP owns 678,072 shares of the Company s common stock directly and TM owns these 678,072 shares indirectly. TM s and Mr. Gendell s indirect ownership of TP s shares of Company stock is included in the number of shares owned by each of TM and Mr. Gendell.

ELECTION OF DIRECTORS

A board of seven directors is to be elected to serve until the next annual meeting of stockholders and until their successors are elected and qualified. Information concerning the nominees is set forth below. The nominees, other than Mr. McKane, are currently serving on the Board of Directors.

Nominee	
Lee B. Foster II	Mr. Foster, age 59, has been a director of the Company since 1990. He was the Chief Executive Officer of the Company from May 1990 until January 2002. Mr. Foster is a director of Wabtec Corporation, a manufacturer of components for locomotives, freight cars and passenger transit vehicles. Wabtec Corporation also provides aftermarket services, including locomotive and freight car maintenance.
Stan L. Hasselbusch	Mr. Hasselbusch, age 58, has been Chief Executive Officer and a director of the Company since January 2002, and President of the Company since March 2000. He served as Vice President Construction and Tubular Products of the Company from December 1996 to December 1998 and as Chief Operating Officer from January 1999 until he was named Chief Executive Officer in January 2002.
Henry J. Massman IV	Mr. Massman, age 43, has been a director of the Company since November 1998. He has been President and Chief Executive Officer of Massman Construction Co., Inc., a heavy civil, bridge and marine contractor, since 1988.
G. Thomas McKane	Mr. McKane, age 62, was nominated by the Board of Directors on April 12, 2006, upon the prior recommendation of the Nomination & Governance Committee. Mr. McKane has been Chairman of the Board of A.M. Castle & Co. a metal and plastics service center business, since January, 2004 and was Chief Executive Officer of A.M. Castle & Co. from May, 2000 until January, 2006. Mr. McKane is also a director of American Woodmark Corporation, a cabinet manufacturer, and Woodhead Industries, Inc., a manufacturer of electrical infrastructure products.
Diane B. Owen	Ms. Owen, age 50, was elected as a director in May 2002. She has been Vice President Corporate Audit of H.J. Heinz Company (Heinz), an international food company, since April 2000 and was Vice President Strategy Development for Heinz from January 2000 to April 2000.
John W. Puth	Mr. Puth, age 77, has been a director of the Company since 1977. He is a managing member of J.W. Puth Associates, LLC and a general partner of JDA Partners LP, an investment partnership. Mr. Puth also is a director of A.M. Castle Co, a metal and plastics service center business, and several private companies.
William H. Rackoff	Mr. Rackoff, age 57, has been a director of the Company since 1996. Mr. Rackoff has been President of ASKO, Inc., which manufactures custom engineered tooling for the metalworking industry, since 1991 and became Chief Executive Officer of ASKO, Inc. in 1995.

The foregoing nominees were nominated by the Board of Directors, after being recommended for nomination by the Nomination and Governance Committee of the Board of Directors and have expressed their willingness to serve as directors if elected. However, should any of such persons be unavailable for election, the proxies (except for proxies that withhold authority to vote for directors) will be voted for such substitute nominee or nominees as may be chosen by the Board of Directors, or the number of directors may be reduced by appropriate action of the Board.

A non-management director recommended Mr. McKane for consideration by the Nomination and Governance Committee. A paid third party consultant assisted in both developing criteria for new directors and searching for qualified candidates.

Board and Committee Meetings

The Board of Directors held 6 meetings (one of which was a telephonic meeting) during 2005. Each nominee who was a director during 2005 attended more than seventy-five percent of the total number of meetings held during 2005 by the Board of Directors and the committees of the Board on which he or she served.

The Audit Committee is composed of Ms. Owen (Chairman) and Messrs. Puth and Rackoff. The Compensation Committee is composed of Messrs. Puth (Chairman), Massman and Rackoff. The Nomination and Governance Committee is composed of Mr. Massman, Ms. Owen and Mr. Rackoff (Chairman). Messrs. Puth, Rackoff, Massman and Ms. Owen are independent under the National Association of Securities Dealers listing standards and the applicable rules of the Securities and Exchange Commission (SEC).

The Audit Committee, which held 8 meetings (3 of which were telephonic meetings) during 2005, is responsible for overseeing, with the independent auditors and management, the work and findings of the auditors, as well as the effectiveness of the Company s internal auditing department, the adequacy of the Company s internal controls and the accounting principles employed in financial reporting. The Audit Committee is also responsible for the appointment and compensation of the independent auditors. The Board of Directors has designated Diane B. Owen as the Audit Committee financial expert under applicable SEC rules. Certain of Ms. Owen s qualifications as a financial expert are included in her biographical data on page 4 of this Proxy Statement.

The Compensation Committee, which met on 6 occasions (2 of which were telephonic meetings) in 2005, is responsible for reviewing and recommending for approval significant employee benefit programs, determining officer compensation, reviewing and recommending for approval certain organizational changes and granting stock options.

The Nomination and Governance Committee, which met on 3 occasions in 2005, is responsible for overseeing corporate governance and proposing nominees for directors to the full Board.

Nomination of Directors

The Nomination and Governance Committee endeavors to create a Board of Directors consisting of individuals who are financially literate and whose experiences and backgrounds will enable the

Board of Directors to provide meaningful counsel to and oversight of management. The Nomination and Governance Committee seeks to recommend, to the full Board, nominees who will create or maintain a Board of Directors that satisfies applicable legal and regulatory requirements. The Committee Charter is available on the Company s website (*www.lbfoster.com*).

In selecting nominees for election to the Board of Directors, the Nomination and Governance Committee will consider submissions from shareholders. A shareholder wishing to recommend a prospective nominee for the Board may notify the Corporation s Secretary or any member of the Nomination and Governance Committee in writing and provide whatever supporting material the shareholder considers appropriate. Submissions should be sent to the Company s principal executive offices, 415 Holiday Drive, Pittsburgh, PA 15220, Attn: Secretary.

Directors Compensation

The base annual fee of the respective chairmen of the Audit Committee, the Nomination and Governance Committee and the Compensation Committee is $16,500. The base annual fee for other outside directors is $14,000. Fees are prorated based upon the portion of the year an outside director held his position.

Outside directors also receive $1,000 for each board meeting attended, $500 for each committee meeting attended and $500 for each telephonic Board or committee meeting in which the director participated. For 2005, the outside directors received the following cash compensation: Mr. Massman, $24,500; Mr. Puth, $29,500; Mr. Rackoff, $29,750 and Ms. Owen $26,500.

Management directors receive no separate compensation for their services as directors. Mr. Lee B. Foster is an employee of the Company and receives a base annual salary of $165,000 and other benefits associated with his status as an employee. Mr. Foster does not, however, participate in the Company s annual incentive compensation plan or the Three Year Plan (see pp. 15-16)

Each outside director automatically has been awarded annually, after the annual shareholders meeting, a non-qualified option to acquire up to 5,000 shares of the Company s common stock. Following the annual meeting in 2005 Messrs. Massman, Rackoff, Puth and Ms. Owen were each awarded an option to acquire up to 5,000 shares of the Company s common stock at $8.97 per share. If, however, the Company s shareholders approve the 2006 Omnibus Incentive Plan (see pp. 7 10), outside directors will no longer receive this automatic annual grant of options.

Pursuant to the Outside Directors Stock Award Plan, approved at the 2004 Annual Shareholders Meeting, each outside director receives 2,500 shares of restricted Company common stock on each date such outside director is elected or re-elected at an annual shareholders meeting. Messrs. Massman, Rackoff, Puth and Ms. Owen were each awarded 2,500 shares of restricted Company stock following the 2005 Annual Shareholders Meeting.

If the Company s shareholders approve the 2006 Omnibus Plan, outside directors will no longer automatically receive awards under the Outside Directors Stock Award Plan or stock options. Instead, outside directors will each receive, under the 2006 Omnibus Plan, 3,500 shares of the Company s common stock at each shareholders meeting at which the director is elected or re-elected. If the 2006 Omnibus Incentive Plan is approved, each outside director s annual base fee also will be increased by $15,000.

Shareholder Meeting Attendance

The Company s directors regularly have attended shareholders meetings without a formal policy on directors attendance and the Company does not believe that a formal policy is required. All of the Company s directors attended the 2005 Annual Shareholders Meeting.

Communications to Directors

Shareholders and other parties interested in communicating directly with the Chairman of the Board or with the non-managerial directors as a group may do so by writing to L.B. Foster Company, 415 Holiday Drive, Pittsburgh, PA 15220, Attn: Chairman of the Board or Attn: Outside Directors. The Secretary of the Company shall review all such correspondence and shall regularly forward to the Board a summary of all such correspondence and copies of all correspondence that, in the opinion of the Secretary, deal with the functions of the Board or committees thereof or that he otherwise determines requires their attention. Directors may at any time review a log of all correspondence received by the Company that is addressed to members of the Board and request copies of any such correspondence. Concerns relating to accounting, internal controls or auditing matters are directed to the Company s internal audit department and handled in accordance with procedures established by the Audit Committee with respect to such matters.

APPROVAL OF THE 2006 OMNIBUS INCENTIVE PLAN

The 2006 Omnibus Incentive Plan (Plan) was approved by the Company s Board of Directors, upon the recommendation of its Compensation Committee, on March 3, 2006, subject to shareholder approval. The Plan provides for the issuance of up to 500,000 shares of the Company s common stock (which may include newly issued or treasury shares) through the exercise of stock options or the grant of common stock. Although stock options may be granted under the Plan, the Compensation Committee anticipates that restricted stock awards will henceforth be the primary means of providing equity incentives to key employees and directors.

The purposes of the Plan include motivating employees and directors to achieve long term range performance goals and to provide such employees and directors with competitive compensation.

Administration

The Plan will be administered by a committee (the Committee) consisting of either (a) at least two non-employee directors (within the meaning of Rule 16b-3 under the Securities Exchange Act of 1934) or (b) the full Board of Directors. It is anticipated that the Compensation Committee, which currently consists of Messrs. Puth, Rackoff and Massman, will administer the Plan. Within the parameters set forth in the Plan, the Committee has the authority to determine those key employees or directors who shall receive a discretionary award and the terms and conditions of each such award. The Committee may also prescribe regulations for the operation of the Plan and interpret the Plan and option or restricted stock agreements issued under the Plan. In addition to discretionary awards made by the Committee, non-employee directors automatically shall be awarded 3,500 shares of common stock after each annual shareholders meeting, beginning with the annual shareholders meeting on May 24, 2006. These automatic awards are described below under Automatic Stock Awards .

Description

Stock options (Options) and stock awards (Stock Awards) may be granted, in the Committee s discretion, to key personnel and directors, including both employee directors in the discretion of the Committee. In addition to the Company s non-employee directors, the Company has approximately 30 employees out of approximately 645 total employees whose grade level makes them likely candidates to be recipients of Options or Stock Awards. Options and Stock Awards granted to non-employee directors are hereinafter respectively referred to as Director Options or Director Awards . Options and Stock Awards are subject to the following provisions of the Plan, and the terms and provisions of such options or stock awards need not be uniform:

Options

Exercise Price

The exercise price of the Options is determined by the Committee, but shall be not less than the last reported sale price of the common stock on the NASDAQ National Market on the date of grant. The exercise price is payable in cash or other medium acceptable to the Company.

Term

The term of the Options is determined by the Committee, but shall not exceed 10 years from the date of grant.

Except as otherwise provided in the option agreement, Options, other than Director s Options, will terminate 30 days after termination of the participant s employment with the Company for any reason other than death, disability or retirement, with the consent of the Company. Non-Employee Director Options are immediately exercisable for a period of 10 years from the date of the award. Except as otherwise provided in the option agreement, other discretionary Options may be exercised in cumulative annual installments, each for one-fourth of the total optioned shares, commencing one year from the date of grant.

Stock Awards

Automatic Stock Awards

Commencing with the May 24, 2006 annual meeting of shareholders, each non-employee director automatically will be granted a Director Award of 3,500 shares of fully vested common stock. Messrs. Massman, Puth, Rackoff and Ms. Owen currently are the Company s non-employer directors. If elected at the May 24, 2006 annual meeting of shareholders. Mr. Thomas McKane also will be a non-employee director and will receive 3,500 shares of fully vested common stock.

Other Stock Awards

Stock Awards may also be granted to key personnel and directors in the discretion of the Committee. Such Stock Awards shall become vested and/or saleable pursuant to the terms of the applicable stock award agreement specified by the Committee. The Company anticipates that such Stock Awards shall be used primarily as the equity component of awards under the Three Year Plan (See pp. 15 -16) or any successor plan.

Amendments and Termination

The Board may at any time amend the Plan or amend any outstanding award agreement for the purpose of satisfying any legal requirement or for any other legal permissible purpose; provided that an amendment shall not be deemed permissible if it would result in Rule 16b-3 under the Securities Exchange Act of 1934, as amended, being inapplicable to any award. The Board may terminate the Plan at any time, but no such termination shall adversely affect the rights of any participant under any award previously granted in which the participant has a vested interest.

In the event of a stock dividend, recapitalization or merger in which the Company is the surviving corporation or other similar capital change, the number and shares of stock then outstanding or to be awarded thereunder, the maximum number of shares of stock or securities which may be issued on the exercise of Options granted under the Plan, the exercise price and other relevant provisions shall be appropriately adjusted by the Board. In the event of a consolidation or a merger in which the Company is not the surviving corporation, or any other merger in which the shareholders of the Company exchange their shares of stock in the Company for stock of another corporation, or in the event of complete liquidation of the Company, or in the case of a tender offer accepted by the Board of Directors, all outstanding Options shall thereupon terminate, provided that the Board may, prior to the effective date of any such consolidation or merger, either (i) make all outstanding Options immediately exercisable or (ii) arrange to have the surviving corporation grant to the participants replacement Options on terms which the Board shall determine to be fair and reasonable.

Federal Income Tax Consequences

Non-Qualified Stock Options

The Options are non-qualified stock options. The Company will not be entitled to a tax deduction with respect to the grant of a non-qualified stock option. Upon exercise of a non-qualified stock option, the excess of the fair market value of the common stock on the exercise date over the option exercise price will be taxable as compensation income to the employee/optionee and will be subject to applicable withholding taxes. The Company will generally be entitled to a tax deduction at that time in the amount of that compensation income. The optionee s tax basis for the common stock received pursuant to the exercise of a non-qualified stock option will equal the sum of the compensation income recognized and the exercise price.

The recipient, after exercising the option, will realize long term capital gains of ordinary income upon the sale of the stock, depending upon the length of time the recipient retained ownership. All dividends commencing after the exercise of the option will be ordinary income to the recipient.

Restricted Stock

A grantee will not recognize any income upon the grant of restricted stock if that stock is subject to a substantial risk of forfeiture on the date of grant, unless the holder elects under Section 83(b) of the Internal Revenue Code, within 30 days of the grant, to recognize ordinary income in an amount equal to the fair market value of the restricted stock at the time of receipt, less any amount paid for the shares. If the Section 83(b) election is made, the holder will not be allowed a deduction in the event that the shares are subsequently forfeited. If the election is not made, the holder will generally recognize ordinary income on the date that the restricted stock is no longer subject to a substantial risk of forfeiture, in an amount equal to the fair market value of those shares on that date, less any amount paid for the shares. At the time the holder recognizes ordinary income, the Company generally will be entitled to a deduction in the same amount.

Generally upon a sale or other disposition of restricted stock with respect to which the holder has recognized ordinary income (i.e., a Section 83(b) election was previously made) or the restrictions were previously removed, the holder will recognize capital gain or loss in an amount equal to the difference between the amount on that sale or other disposition and the holder s basis in those shares.

The following table shows the minimum shares of Company stock that would have been delivered in 2005 if the Plan had been in effect:

L.B. FOSTER COMPANY

2006 Omnibus Plan

Stan L. Hasselbusch President and CEO	
Donald L. Foster Sr. V.P. Construction Products	
David J. Russo Sr. V.P., CFO and Treasurer	
Samuel K. Fisher Sr. V.P. Rail	
David L. Voltz V.P., General Counsel & Secretary	
Executive Group	
Non-Executive Director Group	14,000
Non-Executive Officer Employee Group	

The closing price of the company s common stock on the NASDAQ National market on April 11, 2006 was $21.72.

The Board of Directors recommends a vote FOR approval of the Plan.

Independent Auditors

Ernst & Young LLP s aggregate fees (including out-of-pocket expenses) billed for fiscal 2005 and 2004 for each of the following categories of services are set forth below:

	2005	2004
Audit fees (includes audits and reviews of the Company s fiscal 2005 and 2004 financial statements)	$ 447,406	$ 409,027
Audit-related fees (primarily audits of the Company s various employee benefit plans)	$ 22,133	$ 18,400
Tax fees (federal and state)		
All Other Fees		
Total Fees	$ 469,539	$ 427,427

The Audit Committee reviews summaries of services provided by Ernst & Young LLP and the related fees and has considered whether the provision of non-audit services is compatible with maintaining Ernst & Young LLP s independence. All services are pre-approved by the Audit Committee.

Ernst & Young LLP has served as the Company s independent auditor since 1990 and the Audit Committee has approved Ernst & Young LLP as the Company s independent auditor for the year ending December 31, 2006. Since the Audit Committee of the Board of Directors is responsible for the appointment of the Company s independent auditors, the Company is not seeking shareholder approval of the independent auditors appointment.

AUDIT COMMITTEE REPORT

The Audit Committee of the Board of Directors is composed of independent directors and oversees the Company s financial reporting process on behalf of the Board of Directors. The Audit Committee is responsible for the appointment, compensation and retention of the Corporation s independent auditors. In fulfilling its oversight responsibilities, the Audit Committee reviewed with management the audited financial statements of the Company for the year ended December 31, 2005. The Audit Committee s charter is available on the Company s website (*www.lbfoster.com*). The Audit Committee held eight meetings during fiscal year 2005.

Management is responsible for the Company s internal controls and for the financial reporting process. With respect to 2005, management advised the Audit Committee that all annual and quarterly financial statements reviewed by the Audit Committee had been prepared in accordance with generally accepted accounting principles.

The Audit Committee met and held discussions with Ernst & Young LLP, who are responsible for performing an independent audit of the Company s financial statements in accordance with generally accepted auditing standards and for issuing a report thereon, regarding the audited financial statements, including a discussion of the quality, not just the acceptability, of the Company s accounting principles and Ernst & Young s judgment regarding these matters. The Audit Committee has discussed with the independent auditors the matters required to be discussed under auditing standards generally accepted in the United States, including those matters set forth in Statement on Auditing Standards Nos. 61 and 90 (*Communications with Audit Committee*). Pursuant to Independent Standards Board Standard No. 1 (*Independence Discussion with Audit Committee(s)*), the Audit Committee has discussed with Ernst & Young LLP the auditors independence from management and the Company, including the matters in the written disclosures required by the Independence Standards Board. The Audit Committee concluded that Ernst & Young LLP s independence had not been impaired.

The Audit Committee discussed with the Company s internal and independent auditors the overall scope and plans for their respective audits. The Audit Committee meets with the independent auditors, with and without management present, to discuss the results of their examinations, their evaluations of the Company s internal controls, and the overall quality of the Company s financial reporting. The Audit Committee discussed the results of Ernst & Young LLP s quarterly review procedures with the Company s Chief Executive Officer, Chief Financial Officer and Controller and with Ernst & Young LLP prior to the Company s release of quarterly financial information.

In reliance on the reviews and discussions referred to above, the Audit Committee recommended to the Board of Directors that the audited financial statements be included in the Annual Report on Form 10-K for the year ended December 31, 2005 for filing with the Securities and Exchange Commission.

AUDIT COMMITTEE

Diane B. Owen, Chairman

John W. Puth

William H. Rackoff

EXECUTIVE COMPENSATION

Summary Compensation Table

The following table sets forth information regarding the compensation of the Company s five most highly paid executive officers (the Named Executive Officers).

	Annual Compensation	Annual Compensation			Long Term Compensation	
Name and Principal Position	**Year**	**Salary ($)**	**Bonus ($)**	**Other Annual Compensation ($) (1)**	**Options/ SARs (# shares)**	**All Other Compensation ($) (2)**
Stan L. Hasselbusch	2005	375,625	225,779	*		30,462
	2004	331,250	30,000	*		20,298
President and Chief Executive Officer	2003	308,438	35,000	*		18,412
Samuel K. Fisher	2005	189,375	112,069	*		18,538
	2004	181,875	79,628	*		10,024
Sr. Vice President Rail	2003	175,000	18,000	*		9,456
David J. Russo	2005	184,371	116,218	*		12,445
	2004	171,247	28,000	*		7,873
Sr. Vice President Chief Financial Officer and Treasurer	2003	160,000	23,000	*		4,893
David L. Voltz	2005	168,250	77,397	*		12,372
	2004	162,249	10,000	*		8,678
Vice President, General Counsel and Secretary	2003	156,971	8,984	*		6,453
Donald L. Foster	2005	182,504	109,790	*	10,000	6,724
Sr. Vice President Construction	2004(3)	44,491	5,000	*	40,000	

(1) The amounts in this column include the value of Company provided term life insurance, long-term disability premiums, leased car, Executive Medical Reimbursement Plan, relocation expenses, and club dues and fees.

(2) The amounts in this column include Company contributions to the L.B. Foster Company Voluntary Investment Plan and the Supplemental Executive Retirement Plan.

(3) Mr. Donald L. Foster became an employee of the Company in September 2004.
* The total is less than 10% of the executive s total salary and bonus for the year.

Option Grants

The following table provides information on stock options granted to the Named Executive Officers in 2005:

Name	Number of Shares Underlying Options Granted	% of Total Options Granted to Employees in 2005	Exercise Price ($/Sh)	Expiration Date	Potential Realizable Value at Assumed Annual Rates of Stock Price Appreciation for Option Term ($) 5%	10%
Donald Foster	10,000	28.57	9.29	2/5/15	58,400	148,100

Mr. Foster s options vest at the rate of 25% per year, commencing one year after the date of grant, and are exercisable until ten years after the date of the grant.

Option Exercises and Year-End Option Values

The following table provides information on option exercises in 2005 by the Named Executive Officers and such officers unexercised options at December 31, 2005. The Company has not awarded any stock appreciation rights.

Name	Shares Acquired on Exercise (#)	Value Realized ($)	Number of Shares Underlying Unexercised Options at Fiscal Year-End (#)		Value of Unexercised In-the-Money Options at Fiscal Year-End ($)	
			Exercisable	Unexercisable	Exercisable	Unexercisable
Stan L. Hasselbusch			215,000	5,000	2,250,660	46,870
Samuel K. Fisher			41,250		427,734	
Donald L. Foster	6,250	32,180		43,750		268,150
David J. Russo			37,500	12,500	400,275	133,425
David L. Voltz			35,000		377,590	

SECTION 16(a) BENEFICIAL REPORTING COMPLIANCE

Section 16(a) of the Securities Exchange Act of 1934 requires the Company s directors and officers and persons who beneficially own more than 10% of the outstanding common stock of the Company to file initial reports and reports of changes in ownership with the SEC, and to provide copies of such reports to the Company. Based on its review of such copies, the Company believes that its directors, officers and 10% shareholders complied with these filing requirements during the year 2005.

COMPENSATION COMMITTEE

REPORT ON EXECUTIVE COMPENSATION

The Compensation Committee is composed of independent directors and its responsibilities include determining the compensation of the Company s executive officers. The decisions by the Compensation Committee are reviewed and approved by the full Board. This report is submitted by Messrs. Massman, Puth and Rackoff in their capacity as the Compensation Committee, and addresses the Company s compensation policies for 2005 as they were generally applicable to the Company s executive officers and as they were specifically applicable to Mr. Hasselbusch.

COMPENSATION POLICIES REGARDING EXECUTIVE OFFICERS

The Compensation Committee s policies are designed to enable the Company to attract and retain qualified executives and to provide incentives for the achievement of the Company s annual and long-term performance goals. The vehicles for compensating and motivating executive officers include cash compensation, stock awards, stock options, participation in a 401(k) plan, a supplemental executive retirement plan and other benefits. The Company has not established a policy with regard to Section 162(m) of the Internal Revenue Code of 1986, as amended, since the Company has not and currently does not anticipate paying compensation in excess of $1 million per annum to any employee.

Cash Compensation

Each year the Company utilizes survey data as one factor to assess the competitiveness of its pay structure for senior management. The surveys used in 2005 reviewed data from certain manufacturers with average sales from $50 million to $450. The Company uses survey data only to establish rough guidelines for its decisions on executive compensation with the general goal of providing the Company s executives with compensation near the median compensation shown in such surveys. Specific decisions are based largely upon subjective assessments of the officer s and the Company s performance. The Committee typically gives significant weight to the Chief Executive Officer s recommendations in determining other officers base salaries.

The Company also maintained the 2005 Management Incentive Compensation Plan. The Plan provided for bonuses largely based upon the Corporation s and/or the applicable operating division s pre-tax income compared to plan and the achievement of individual/departmental goals, with an amount reserved for discretionary bonuses. Since both the Company and various operating units respectively earned sufficient planned pre-tax income, bonuses were paid under the Plan. Mr. Hasselbusch received $225,779, Mr. Russo received $116,218, Mr. Fisher received $112,069, Mr. Donald L. Foster received $109,790 and Mr. Voltz received $77,397 under this Plan.

In May, 2005, the Company created the 2005 Three Year Incentive Plan (the Three Year Plan) which supplements annual bonus plans. The Three Year Plan provides incentives for selected senior officers based upon the Company s performance over the three year period 2005 2007 (the Fiscal Period). A Performance Percentage is calculated based on the amount by which the Company s pre-tax income (after excluding various items) for the Fiscal Period exceeds $13,168,000 and then dividing that amount by $10,341,000. The maximum aggregate amount payable under the Plan ranges from $182,500, if the Company s Performance Percentage is 70%, to $3,650,000 if the Company s Performance Percentage is 150%. Individual awards are then determined by multiplying the total amount available for awards by a fraction, the numerator of which is the points assigned to the individual participant and the denominator of which is the total number of points assigned to all participants. The President/Chief Executive Officer is assigned 4 points, Sr. Vice Presidents are assigned 2 points and Vice Presidents and the Controller are each assigned 1 point. The Company may, if the 2006 Omnibus Incentive Plan has been previously authorized by the Company s shareholders, substitute restricted shares of the Company s common stock for up to 50% of the incentive award that otherwise would be payable to a participant under the Three Year Plan. Individual awards are to be paid on or before March 15, 2008.

The companies included in the peer group used to compare shareholder returns do not necessarily represent the Company s most direct competition for executive talent and the survey data used by the Compensation Committee does not correspond to the peer group index in the five-year Total Return graph included in the proxy statement.

Stock Option Plans

The Company s 1985 Long-Term Incentive Plan as Amended and Restated terminated on December 31, 2004. The 1998 Long-Term Incentive Plan as Amended and Restated (the 1998 Plan) authorizes the award of stock options and stock appreciation rights (SAR s) to officers, directors and key employees of the Company and its subsidiaries. SAR s have not been awarded under the 1998 Plan. The 1998 Plan is designed to motivate participants by providing them with a direct, financial interest in the long-term performance of the Company. The Compensation Committee determines the participants and their awards. The purchase price of optioned shares must be at least the fair market value of the common stock on the date the option is granted, and the term of options may not exceed ten (10) years. Both incentive stock options and non-qualified stock options may be awarded under the 1998 Plan. In determining the number of options to award a participant, the Compensation Committee generally takes into account, among other factors, the number of options previously awarded to the participant. No options were granted to Messrs. Hasselbusch, Russo, Fisher or Voltz during 2005. Mr. Donald L. Foster was awarded 10,000 options with an exercise price of $9.29/share in February, 2005.

The Company intends, if the Company s shareholders approve the 2006 Omnibus Incentive Plan (as described at pp. 7-10), primarily to utilize restricted stock for equity incentives. Restricted stock awards to the Company s executive officers are anticipated primarily to be made pursuant to the Three Year Plan described above (p. 15).

Retirement Plan

The Company maintains the L. B. Foster Company Voluntary Investment Plan, a salary reduction plan qualifying under Section 401(k) of the Internal Revenue Code, covering all salaried employees. The Plan calls for the Company to contribute 1% of the employee s compensation plus $.50 for each $1.00 contributed by the employee, subject to a maximum of from 4% to 6% of the employee s compensation, based on the years of service. Based upon the Company s financial performance against predetermined criteria, the Company may contribute an additional $.50 for each $1.00 so

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contributed. The Company also may make additional discretionary contributions to the Plan. Company contributions vest upon completion of three (3) years of service. The Company s contributions for 2005 to the Voluntary Investment Plan for Messrs. Hasselbusch, Russo, Fisher, Donald L. Foster and Voltz are included in the Summary Compensation Table. The Company also maintains a Supplemental Executive Retirement Plan under which executive officers may accrue benefits, which approximate benefits unavailable under the Voluntary Investment Plan because of Internal Revenue Code limitations.

Other Compensation Plans

At various times in the past, the Company has adopted certain broad-based employee benefit plans in which executive officers have been permitted to participate and has adopted certain executive officer leased vehicle, life, LTD and health insurance programs. The incremental cost to the Company of the executive officers benefits provided under these programs for Messrs. Hasselbusch, Russo, Fisher, Donald L. Foster and Voltz are included in the Summary Compensation Table, if such benefits exceeded 10% of named officer s salary and bonus for the year. Benefits under these plans are not directly or indirectly tied to Company performance.

MR. HASSELBUSCH S 2005 COMPENSATION

Mr. Hasselbusch s annual base salary was increased from $ 351,250 to $400,000 on July 1, 2005. The Committee increased Mr. Hasselbusch s salary because of Mr. Hasselbusch s successful efforts to control costs, enhance revenue and improve profits. In making this determination, the Committee evaluated benchmarks from other industries in order to verify that Mr. Hasselbusch received competitive compensation. As previously noted, Mr. Hasselbusch received a $225,779, bonus under the Company s 2005 Management Incentive Compensation Plan. Mr. Hasselbusch s bonus was based entirely on the Company s 2005 pre-tax income (after various exclusions) compared to its 2005 planned pre-tax income (after various exclusions).

Mr. Hasselbusch is eligible to participate in the same executive compensation plans as are available to other executive officers.

COMPENSATION COMMITTEE

John W. Puth, Chairman

William H. Rackoff

Henry J. Massman IV

	Cumulative Total Return					
	12/00	12/01	12/02	12/03	12/04	12/05
L.B. FOSTER COMPANY	100.00	180.00	173.60	260.00	380.80	594.96
NASDAQ STOCK MARKET (U.S.)	100.00	79.08	55.95	83.35	90.64	92.73
PEER GROUP	100.00	106.69	64.11	99.63	113.61	167.92

The Company s Peer Group is composed of Michael Baker Corp., A.M. Castle & Co., Greenbriar Cos., Inc., Hanson PLC, Northwest Pipe Co, Oregon Steel Mills Inc., Texas Industries. Inc. and Wabtec Corporation.

ADDITIONAL INFORMATION

Management is not aware at this time of any other matters to be presented at the meeting. If, however, any other matters should come before the meeting or any adjournment thereof, the proxies will be voted in the discretion of the proxyholders.

Representatives of Ernst & Young LLP are expected to be in attendance at the meeting to respond to appropriate questions from stockholders and will have an opportunity to make a statement if they so desire.

Stockholders proposals intended to be presented at the Company s 2007 annual meeting must be received by the Company no later than December 31, 2006 to be considered for inclusion in the Company s proxy statement and form of proxy for that meeting pursuant to the Company s By-Laws. A nomination of a person for election as a director and any other proposal made by a stockholder shall not be considered at a stockholders meeting unless written notice of the nomination or proposal has been received by the Company s Secretary by the later of (i) the date which is 90 days in advance of the meeting date or (ii), the seventh calendar day following the first public announcement of the date of the meeting.

Pittsburgh, Pennsylvania

April 19, 2006

Appendix A

L. B. FOSTER COMPANY

2006 OMNIBUS INCENTIVE PLAN*

ARTICLE I

PURPOSE, EFFECTIVE DATE AND AVAILABLE SHARES

1.1 Purpose. The purpose of this Plan is to provide financial incentives for selected Key Personnel and Directors of L. B. Foster Company (the Company) and its subsidiaries, thereby promoting the long-term growth and financial success of the Company by (i) attracting and retaining personnel and directors of outstanding ability, (ii) strengthening the Company s capability to develop, maintain and direct a competent management team, (iii) motivating officers to achieve long-range performance goals and objectives, and (iv) providing incentive compensation opportunities competitive with those of other corporations.

1.2 Effective Date and Expiration of Plan. The Board of Directors of the Company has adopted the Plan with an effective date March 3, 2006, subject to shareholder approval and ratification. Unless terminated by the Board pursuant to Section 6.3, the Plan shall expire on March 3, 2016. No Award shall be made pursuant to the Plan after its termination date, but Awards made prior to the termination date may extend beyond that date.

1.3 Shares Available Under the Plan. L. B. Foster Company stock to be issued under the Plan may be authorized but unissued common stock or previously issued shares of common stock which have been reacquired by the Company and are held in its treasury. Subject to adjustment under Section 6.6, no more than 500,000 shares of common stock shall be issuable under the Plan. Any shares of stock subject to an Option which for any reason is cancelled or terminated, and any restricted stock awarded which is cancelled, shall again be available for Awards under the Plan.

ARTICLE II

DEFINITIONS

2.1 Award means, individually or collectively, any Option or Restricted Stock Award under this Plan.

2.2 Award Agreement means, as applicable, either the Restricted Stock Agreement or the Stock Option Agreement.

2.3 Board means the Board of Directors of L. B. Foster Company.

2.4 Code means the Internal Revenue Code of 1986, as amended.

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* As adopted by the Board of Directors on March 3, 2006, subject to shareholder approval at the annual meeting on May 24, 2006.

2.5 Committee means directors of the Company, not to be less than two, appointed by the Board, each of who is a non-employee director within the meaning of Rule 16b-3 under the Securities Exchange Act of 1934, as amended. If the Board has not appointed a Committee, Committee shall mean the Board.

2.6 Company means L. B. Foster Company and its successors and assigns.

2.7 Director means a director of the Company. In some instances, Plan provisions are applied differently with respect to non-employee Directors (within the meaning of Rule 16b-3 under the Securities Exchange Act of 1934, as amended) and, where the term Director is so qualified to say non-employee Director , such Plan provisions shall be limited to such outside, non-employee Directors.

2.8 Disability means a disability which results in the Participant being unable to engage in any substantial, gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or can be expected to last for a continuous period of not less than twelve months. The determination of whether a Participant has a Disability shall be made in accordance with Code Section 22(e)(3), including any regulations issued by the Internal Revenue Service thereunder.

2.9 Effective Date means the date on which the Plan is effective as provided in Section 1.2.

2.10 Fair Market Value of the Stock as to a particular time or date shall be the closing price of the Stock on the trading day that is the date of grant or, if the date of grant is not a trading day, on the trading day immediately preceding the date of grant.

2.11 Key Personnel means officers and employees of the Company and its Subsidiaries who occupy responsible executive, professional, sales or administrative positions and who have the capacity to contribute to the success of the Company.

2.12 Officer means an officer of the Company or of a Subsidiary.

2.13 Option means an option to purchase common stock of the Company, where such option is not a qualified (or statutory) option under Code Section 422.

2.14 Option Price means the price at which common stock of the Company may be purchased under an Option as provided in Section 4.4.

2.15 Participant means a person to whom an Award is made under the Plan.

2.16 Personal Representative means the person or persons who, upon the death, Disability or incompetency of a Participant, shall have acquired, by will or by the laws of descent and distribution or by other legal proceedings, the right to exercise an Option theretofore granted to such Participant.

2.17 Plan means this 2006 Omnibus Incentive Plan.

2.18 Restricted Stock Agreement means a written agreement entered into between the Company and a Participant setting forth the terms and conditions of a Restricted Stock Award made pursuant to Article V.

2.19 Restricted Stock Award means a grant of Stock to a Participant pursuant to Article V.

2.20 Stock means common stock of the Company.

2.21 Stock Option Agreement means a written agreement entered into between the Company and a Participant setting forth the terms and conditions of an Option awarded pursuant to Article IV.

2.22 Subsidiary means a corporation or other business entity, domestic or foreign, the majority of the voting stock or other voting interests in which is owned directly or indirectly by the Company.

2.23 Termination for Cause or Terminated for Cause means (i) termination due to (a) willful or gross neglect of duties or (b) willful misconduct in the performance of such duties, so as to cause material harm to the Company or any Subsidiary, (ii) termination due to the Participant committing fraud, misappropriation or embezzlement in the performance of his or her duties or (iii) termination due to the Participant committing any felony of which he or she is convicted and which, as determined in good faith by the Board, constitutes a crime involving moral turpitude and results in material harm to the Company or a Subsidiary. The Committee shall make all determinations of whether the Participant was Terminated for Cause.

ARTICLE III

ADMINISTRATION

3.1 Committee to Administer.

(a) The Plan shall be administered by the Committee. The Committee shall have full discretionary power and authority to interpret, construe, and administer the Plan and to establish and amend rules and regulations for its administration. The Committee s decisions shall be final and conclusive with respect to the interpretation of the Plan and any Award made under it.

(b) A majority of the members of the Committee shall constitute a quorum for the conduct of business at any meeting. The Committee shall act by majority vote of the members present at a duly convened meeting, including a telephonic meeting in accordance with Section 1708 of the Pennsylvania Business Corporation Law (BCL). Action may be taken without a meeting if written consent thereto is given in accordance with Section 1727 of the BCL.

(c) Notwithstanding any provision herein to the contrary, to the extent the Board is performing any Plan-related functions, including the determination of whether a Participant has been Terminated for Cause, the Board shall have the same discretionary power and authority to administer the Plan as the Committee does under this Article III.

3.2 Powers of Committee.

(a) Subject to the provisions of the Plan, the Committee shall have authority, in its discretion, to determine those Key Personnel and Directors who shall receive Awards, the time or times when each such Award shall be made, the type of Award to be made, and the number of shares to be subject to each Award.

(b) A Director shall not participate in a vote granting himself an Award.

(c) The Committee shall determine the terms, restrictions and provisions of the agreement relating to each Award. The Committee may correct any defect or supply any omission or reconcile any inconsistency in the Plan, or in any agreement relating to an Award, in such manner and to the extent the Committee shall determine in order to carry out the purposes and intent of the Plan, including Section 6.7. Unless prohibited by Code Section 409A (if applicable) or by any other applicable law, the Committee may, in its discretion, accelerate the date on which an Option may be exercised if the Committee determines that to do so will be in the best interests of the Company and the Participant.

(d) Notwithstanding any provision herein to the contrary, to the extent the Board is performing any Plan-related functions, the Board shall have the same discretionary power and authority to administer the Plan as the Committee does under this Article III.

3.3 Awards. Awards under the Plan shall consist of Options and Restricted Stock Awards. All Awards shall be subject to the terms and conditions of the Plan and to such other terms and conditions consistent with the Plan as the Committee deems appropriate. Awards need not be uniform.

3.4 Eligibility for Awards. Awards may be made to Key Personnel and Directors. In selecting Participants and in determining the form and amount of the Award, the Committee may give consideration to his functions and responsibilities, his present and potential contributions to the success of the Company, the value of his services to the Company, and other factors deemed relevant by the Committee.

ARTICLE IV

STOCK OPTIONS

4.1 Award of Stock Options. The Committee may, from time to time, subject to Section 3.2(b) and other provisions of the Plan and such terms and conditions as the Committee may prescribe, grant Options to any Key Personnel or Directors.

4.2 Period of Option.

(a) Except as provided in the remaining subsections of this Section 4.2 or in the Stock Option Agreement, an Option shall be exercisable only after twelve (12) months have elapsed from the date of grant, and after such twelve-month waiting period, the Option may be exercised in cumulative installments in the following manner:

(i) The Participant may purchase up to one-fourth (1/4) of the total optioned shares at any time after one year from the date of grant and prior to the termination of the Option.

(ii) The Participant may purchase an additional one-fourth (1/4) of the total optioned shares at any time after two years from the date of grant and prior to the termination of the Option.

(iii) The Participant may purchase an additional one-fourth (1/4) of the total optioned shares at any time after three years from the date of grant and prior to the termination of the Option.

(iv) The Participant may purchase an additional one-fourth (1/4) of the total optioned shares at any time after four years from the date of grant and prior to the termination of the Option.

The duration of each Option shall not be more than ten (10) years from the date of grant.

(b) Notwithstanding the foregoing, the Committee may establish, in the applicable Stock Option Agreement, any other period during which Options may be exercised.

(c) Except as otherwise provided in Sections 4.6, 4.7, and 4.8 of the Plan or in the Stock Option Agreement, an Option may not be exercised by a Participant, other than a non-employee Director, unless such Participant is then, and continually (except for approved sick leave, FMLA, authorized military service, or other approved, bona fide leave of absence) after the grant of the Option has been, an officer or employee of the Company or a Subsidiary.

(d) An Option granted to a non-employee Director, who is a Director at the time of such grant, shall be immediately exercisable, except as may be otherwise provided in the Option Agreement.

4.3 Stock Option Agreement. Each Option shall be evidenced by a Stock Option Agreement in such form and containing such terms and conditions as the Committee from time to time shall approve, except that the terms and conditions in the Stock Option Agreement shall be consistent with those set forth herein.

4.4 Option Price and Exercise.

(a) The Option Price of Stock under each Option shall be determined by the Committee, except that, in no event, may the Option Price be less than the Fair Market Value (as defined under Article II of this Plan) of the Stock on the date on which the Option is granted. Once an Option is granted, repricing of the Option Price for an outstanding Option, whether exercisable or not exercisable, shall not be permitted.

(b) Options may be exercised from time to time by giving written notice of exercise to the Company specifying the number of shares to be purchased. The notice of exercise shall be accompanied by (i) payment in full of the Option Price in cash, certified check, or other medium accepted by the Company, in its sole discretion, or (ii) a copy of irrevocable instructions to a broker to promptly deliver to the Company the amount of sale or loan proceeds sufficient to cover the Option Price. An Option shall be deemed exercised on the date the Company receives the notice of exercise and all the requirements of this Section 4.4(b) have been fulfilled.

4.5 Delivery of Option Shares. The Company shall not be obligated to deliver any Stock upon the exercise of an Option unless and until, in the opinion of the Company s counsel, all applicable federal, state and other laws and regulations have been complied with. In the event the outstanding Stock is at the time listed on any stock exchange, no delivery shall be made unless and until the shares to be delivered have been listed or authorized to be added to the list upon official notice of issuance on such exchange. No delivery shall be made until all other legal matters in connection with the issuance and delivery of Stock have been approved by the Company s counsel. Without limiting the generality of the foregoing, the Company may require from the Participant or other person purchasing shares of Stock under the Plan such investment representation or such agreement, if any, as counsel for the Company may consider necessary in order to comply with the Securities Act of 1933, as amended, and the regulations thereunder. Certificates evidencing the shares may be required to bear a restrictive legend. A stop transfer order may be required to be placed with the transfer agent, and the Company may require that the Participant or such other person agree that any sale of the shares will be made only on one or more specified stock exchanges or in such other manner as permitted by the Committee.

4.6 Termination of Service.

(a) Except as otherwise provided in this Plan or in the applicable Stock Option Agreement, if the service of a Participant, other than as a non-employee Director, terminates for any reason other than death, permanent Disability or retirement with the consent of the Company, all Options held by the Participant shall expire and may not thereafter be exercised. For purposes of this section, the employment or other service in respect to Options held by such a Participant shall be treated as continuing intact while the Participant is on authorized military leave, FMLA, approved sick leave, or other approved, bona fide leave of absence (such as temporary employment with the government) if the period of such leave does not exceed 90 days, or, if longer, so long as the Participant s right to reestablish his service with the Company is guaranteed either by statute or by contract. Where the period of leave exceeds 90 days and where such Participant s right to reestablish his service is not guaranteed by statute or by contract, his service, in the Committee s sole discretion, shall be deemed to have terminated on the ninety-first day of such leave.

Notwithstanding anything herein to the contrary, and unless the Stock Option Agreement provides otherwise, if the service of a Participant, other than as a non-employee Director, terminates, other than due to a Termination for Cause, the Participant may exercise all unexercised and vested Options within 30 days of such termination. Any Options in which such Participant is not vested at the time of his termination shall be forfeited. Except as so exercised, such Option shall expire at the end of such period. In no event, however, may any Option be exercised after the expiration of ten (10) years from the date of grant of such Option.

(b) Except as otherwise provided in the Stock Option Agreement, a non-employee Director whose service is terminated shall be entitled to exercise his Option until the expiration of the full term of the Option, unless the non-employee Director has been Terminated for Cause. In the event that a non-employee Director is Terminated for Cause, all Options held by such Director shall terminate immediately and may not thereafter be exercised.

4.7 Death. Except as otherwise provided in the Stock Option Agreement and except with respect to non-employee Directors as provided in Section 4.6(b), during the twelve (12) month period following the Participant s death, any or all of the unexercised and vested Options that the Participant was entitled to exercise immediately prior to his death may be exercised by such Participant s executor, administrator, or the person(s) to whom the Options are transferred by will or the applicable laws of descent and distribution. Any Options in which such Participant is not vested at the time of his death shall be forfeited. In no event, however, may any such Option be exercised after the expiration of ten (10) years from the date of grant of such Option.

4.8 Retirement or Disability. Except as otherwise provided in the applicable Stock Option Agreement and except with respect to non-employee Directors as provided in Section 4.6(b), if a Participant retires from service with the consent of the Company, or suffers Disability, at a time when he is entitled to exercise an Option, then at any time or times within three years after his termination of service because of such retirement or Disability the Participant may exercise such Option as to all or any of the shares which he was entitled to purchase under the Option immediately prior to such termination. Except as so exercised, such Option shall expire at the end of such period. In no event, however, may any Option be exercised after the expiration of 10 years from the date of grant of such Option.

4.9 Committee Discretion. The Committee shall have authority to determine whether or not a Participant (including a non-employee Director) has retired from service with the Company s consent, resigned or has suffered a Disability, and its determination shall be binding on all concerned. In the sole discretion of the Committee, a transfer of service to an affiliate of the Company other than a Subsidiary (the latter type of transfer not constituting a termination of service for purposes of the Plan) may be deemed to be a retirement from service with the consent of the Company so as to entitle the Participant to exercise the Option within 90 days after such transfer.

4.10 Stockholder Rights and Privileges. A Participant shall have no rights as a shareholder with respect to any Stock covered by an Option until the issuance of a stock certificate to the Participant representing such Stock.

ARTICLE V

RESTRICTED STOCK AWARDS

5.1 Grant of Restricted Stock Awards. In its sole discretion, the Committee may elect to grant a Restricted Stock Award to any Key Personnel and/or Director, including but not limited to grants derived from participation in another plan, program or arrangement established or maintained by the Company or its Subsidiaries. Notwithstanding anything in this Plan to the contrary, the Committee, in its discretion, may determine that a Restricted Stock Award granted pursuant to another plan, program or arrangement established or maintained by the Company will not be forfeitable when issued, but may be subject to such other terms, conditions and restrictions (including but not limited to restrictions on the sale of stock for a two year, or other appropriate, period), as set forth in the Award Agreement.

5.2 Vesting Requirements. The restrictions imposed on Stock granted under a Restricted Stock Award shall lapse in accordance with the vesting requirements specified by the Committee in the Restricted Stock Agreement, provided that the Committee, subject to Section 6.7 and Code Section 83, may accelerate the vesting of a Restricted Stock Award at any time. Such vesting requirements may be based on the continued service of the Participant with the Company or its affiliates for a specified time period (or periods), on the attainment of specified performance goals established by the Committee in its discretion, or on any other condition creating a substantial risk of forfeiture under Code Section 83. If the vesting requirements of a Restricted Stock Award are not satisfied, the Award shall be forfeited and the Stock subject to the Award shall be returned to the Company.

5.3 Restrictions. Stock granted under any Restricted Stock Award may not be transferred, assigned or subject to any encumbrance, pledge or charge until all applicable restrictions are removed or have expired, unless otherwise permitted by the Committee. Failure to satisfy any applicable restrictions shall result in the subject Stock being forfeited and returned to the Company. The Committee may require in a Restricted Stock Agreement that certificates representing the Stock granted under a Restricted Stock Award bear a legend making appropriate reference to the restrictions imposed, and that certificates representing the Stock granted or sold under a Restricted Stock Award will remain in the physical custody of an escrow holder until all restrictions are removed or have expired.

5.4 Rights as a Shareholder. Subject to the foregoing provisions of this Article V and the applicable Restricted Stock Agreement, the Participant shall have all rights of a shareholder with respect to the Stock granted to the Participant under a Restricted Stock Award, including the right to vote the Stock and receive all dividends and other distributions paid or made with respect thereto. The Committee may provide in a Restricted Stock Agreement for the payment of dividends and distributions to the Participant at such times as paid to shareholders generally or at the times of vesting or other payment of the Restricted Stock Award. Notwithstanding the foregoing, if the Committee determines that the payment of dividends at any time would invoke application of Code Section 409A and Section 6.7, the Participant shall not have any right to receive dividends and distributions related to such Restricted Stock.

5.5 Restricted Stock Awards to Outside Directors. In addition to discretionary Restricted Stock Awards under Section 5.1, and subject to adjustment in accordance with Section 6.6, commencing on May 24, 2006, each non-employee Director, elected at an annual meeting of the Company s shareholders, shall be awarded 3,500 shares of Stock as of each date he is elected (or re-elected). Each such Award shall be a Restricted Stock Award subject to such terms and restrictions as shall be approved by the Committee.

5.6 Section 83(b) Election. If a Participant makes an election pursuant to Code Section 83(b) with respect to a Restricted Stock Award, the Participant shall file, within 30 days following the date of grant, a copy of such election with the Company and with the Internal Revenue Service in accordance with the regulations under Code Section 83. The Committee may provide in a Restricted Stock Agreement that the Restricted Stock Award is conditioned upon the Participant s making or refraining from making an election with respect to the Award under Code Section 83(b).

5.7 Compliance with Securities Laws. Section 4.5 shall apply to all Restricted Stock Awards.

ARTICLE VI

MISCELLANEOUS PROVISIONS

6.1 Nontransferability. No Award under the Plan shall be transferable by the Participant other than by will or the laws of descent and distribution. Except as provided in Section 4.7, all Options shall be exercisable during the Participant s lifetime only by such Participant or his Personal Representative. Any transfer contrary to this Section 6.1 will nullify the Award.

6.2 Amendments. The Committee may at any time discontinue granting Awards under the Plan. The Board may at any time amend the Plan or amend any outstanding Award Agreement for the purpose of satisfying the requirements of any changes in applicable laws or regulations or for any other purpose which may at the time be permitted by law; provided that no such amendment shall be permissible if it would result in Rule 16b-3 under the Securities Exchange Act of 1934, as amended, becoming inapplicable to any Award.

6.3 Termination. The Board may terminate the Plan at any time prior to its scheduled expiration date, but no such termination shall adversely affect the rights of any Participant under any Award theretofore granted in which he has a vested interest without his written consent.

6.4 Nonuniform Determinations. The Committee s determinations under the Plan, including without limitation (i) the determination of the Key Personnel and Directors to receive Awards, (ii) the form, amount and timing of such Awards, (iii) the terms and provisions of such Awards and (iv) the Agreements evidencing the same, need not be uniform and may be made by it selectively among Key Personnel and Directors who receive, or who are eligible to receive, Awards under the Plan, whether or not such Key Personnel or Directors are similarly situated.

6.5 No Right to Employment. Neither the action of the Board in establishing the Plan, nor any action taken by the Committee under the Plan, nor any provision of the Plan, shall be construed as giving to any person the right to be retained in the employ, or as an officer or Director, of the Company or any Subsidiary.

6.6 Changes in Stock. In the event of a stock dividend, split-up, or a combination of shares, recapitalization or merger in which the Company is the surviving corporation or other similar capital change, the number and kind of shares of stock or securities of the Company to be subject to the Plan and to Options or Stock then outstanding or to be awarded thereunder, the maximum number of shares of stock or securities which may be issued on the exercise of Options granted under the Plan, the Option Price and other relevant provisions shall be appropriately adjusted by the Board, whose determination shall be binding on all persons. In the event of a consolidation or a merger in which the Company is not the surviving corporation, or any other merger in which the shareholders of the Company exchange their shares of stock in the Company for stock of another corporation, or in the event of complete liquidation of the Company, or in the case of a tender offer accepted by the Board of Directors, all outstanding Options shall thereupon terminate, provided that the Board may, prior to the effective date of any such consolidation or merger, either (i) make all outstanding Options immediately exercisable or (ii) arrange to have the surviving corporation grant to the Participants replacement Options on terms which the Board shall determine to be fair and reasonable.

6.7 Compliance with Code Section 409A. This Plan does not provide for the deferral of compensation, as defined under Code Section 409A and applicable regulations. Accordingly, this Plan is specifically not subject to Code Section 409A and its requirements. However, if Code Section 409A is determined to apply to any Award made under the Plan, the provisions of the Plan applicable to such Awards shall be administered in a manner consistent with Code Section 409A. Further, any provision that would cause the Plan or any Award to fail to satisfy Code Section 409A shall have no force and effect until amended to comply with Code Section 409A (which amendment may be retroactive to the extent permitted by Code Section 409A and may be made by the Company without the consent of Participants). All references in this Plan to Code Section 409A shall include any proposed, temporary or final regulations, or any other guidance, promulgated with respect to Code Section 409A by the U.S. Department of the Treasury or the Internal Revenue Service.

6.8 Tax Withholding. Whenever Stock is to be delivered to a Participant upon exercise of an Option or the award of a Restricted Stock Award, the Company may (i) require such Participant to remit to the Company an amount in cash sufficient to satisfy all federal, state and local tax withholding requirements related thereto, (ii) withhold such required withholding from compensation otherwise due to such Participant, (iii) any combination of the foregoing, or (iv) any other acceptable method approved by the Company, including a netting of Stock, provided such approach is permissible under applicable securities and other laws.

6.9 Status. A Participant s status as Key Personnel or a Director shall be made exclusively by the Committee and determined for each Award as of the date the Award is granted to the Participant.

* * * * * * * *

PROXY

L.B. FOSTER COMPANY

THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS

FOR THE ANNUAL MEETING OF STOCKHOLDERS MAY 24, 2006

The undersigned hereby appoints Lee B. Foster II and Stan L. Hasselbusch, and each or either of them, to represent the L.B. Foster Company common stock of the undersigned at the Annual Meeting of Stockholders of L.B. Foster Company to be held at the Company s headquarters, 415 Holiday Drive, Pittsburgh, Pennsylvania 15220 on May 24, 2006 at 11:00 a.m. or at an adjournment thereof.

The shares represented by this proxy will be voted as directed by the stockholder. **If no direction is given when the duly executed proxy is returned, such shares will be voted FOR all Nominees in Item 1 and FOR approval of the 2006 Omnibus Incentive Plan in Item 2.** If any other matter should come before the meeting or any adjournment thereof, this proxy will be voted in the discretion of the proxyholders. If any nominee for director is unavailable for election, this proxy may be voted for a substitute nominee chosen by the Board of Directors.

(PLEASE DATE AND SIGN ON REVERSE SIDE AND RETURN PROMPTLY)

ANNUAL MEETING OF STOCKHOLDERS OF

L.B. FOSTER COMPANY

May 24, 2006

Please date, sign and mail

your proxy card in the

envelope provided as soon

as possible.

ê Please detach along perforated line and mail in the envelope provided. ê

THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR ALL NOMINEES IN ITEM 1 AND FOR ITEM 2.
PLEASE SIGN, DATE AND RETURN PROMPTLY IN THE ENCLOSED ENVELOPE. PLEASE MARK YOUR VOTE IN BLUE OR BLACK INK AS SHOWN HERE x

Item 1. Election of the following nominees as Directors:
(See Instructions Below)

		NOMINEES:
••	**FOR ALL NOMINEES**	O Lee B. Foster II
		O Stan L. Hasselbusch
••	**WITHHOLD AUTHORITY FOR ALL NOMINEES**	O Henry J. Massman IV
		O G. Thomas McKane
		O Diane B. Owen
••	**FOR ALL EXCEPT** (See instructions below)	O John W. Puth
		O William H. Rackoff

INSTRUCTION: To withhold authority to vote for any individual nominee(s), mark **FOR ALL EXCEPT** and fill in the circle next to each nominee you wish to withhold, as shown here: l

To change the address on your account, please check the box at right and indicate your new address in the address space above. Please note that changes to the registered name(s) on the account may not be submitted via this method. ••

	FOR	AGAINST	ABSTAIN
Item 2. Approval of the 2006 Omnibus Incentive Plan.	••	••	••

(PLEASE MARK, SIGN, DATE AND RETURN THIS PROXY PROMPTLY IN THE ENCLOSED ENVELOPE.)

Signature of Stockholder Date: Signature of Stockholder Date:

Note: Please sign exactly as your name or names appear on this Proxy. When shares are held jointly, each holder should sign. When signing as executor, administrator, attorney, trustee or guardian, please give full title as such. If the signer is a corporation, please sign full corporate name by duly authorized officer, giving full title as such. If signer is a partnership, please sign in partnership name by authorized person.

ext-align: center" ROWSPAN=1> 8,765 Loss on disposal of assets 453 Equity in earnings and amortization charges of investee (14,287) Equity distributions from investee[5] 8,127 Base management fees to be settled/settled in shares 16,545 8,994 Performance fees to be settled in shares 148,728 Other non-cash (income) expense, net (3,055) 536 EBITDA excluding non-cash items $155,244 $68,792 86,452 125.7 EBITDA excluding non-cash items $155,244 $68,792 Interest expense, net[2] (31,515) (13,947) Adjustments to derivative instruments recorded in interest expense[2] 5,353 1,094 Amortization of debt financing costs[2] 1,615 1,041 Equipment lease receivable, net 996 Benefit/provision for income taxes, net of changes in deferred taxes (805) (2,047) Pension contribution (310) Changes in working capital (12,876) 3,458 Cash provided by operating activities 117,016 59,077 Changes in working capital 12,876 (3,458) Maintenance capital expenditures (6,115) (2,825) Free cash flow $123,777 $52,794 70,983 134.5

(1) Net (loss) income attributable to MIC LLC excludes net loss of $1.5 million and $206,000 attributable to noncontrolling interests for the quarters ended March 31, 2015 and 2014, respectively.

(2) Interest expense, net, includes adjustments to derivative instruments related to interest rate swaps and non-cash amortization of deferred financing fees.

(3) Depreciation cost of services includes depreciation expense for our previously owned district energy business, a component of CP&E segment, which was reported in cost of services in our consolidated condensed statements of operations. Depreciation and Depreciation cost of services did not include acquisition-related step-up depreciation expense of $2.0 million for the quarter ended March 31, 2014 in connection with our previous 50% investment in IMTT, which was reported in equity in earnings and amortization charges of investee in our consolidated condensed statement of operations.

(4) Amortization of intangibles did not include acquisition-related step-up amortization expense of $85,000 for the quarter ended March 31, 2014 in connection with our previous 50% investment in IMTT, which was reported in equity in earnings and amortization charges of investee in our consolidated condensed statement of operations.

(5) Equity distributions from investee in the above table includes distributions we received only up to our share of the earnings recorded in the calculation for EBITDA excluding non-cash items.

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Reconciliation from Consolidated Free Cash Flow to Proportionately Combined Free Cash Flow

The following table is a reconciliation from Free Cash Flow on a consolidated basis to Free Cash Flow on a proportionately combined basis (in proportion to our interests). See Results of Operations *Consolidated* above for a reconciliation of Free Cash Flow Consolidated basis to cash provided by operating activities, the most comparable GAAP measure. See Results of Operations below for each of our segments for a reconciliation of Free Cash Flow for each segment to cash provided by (used in) operating activities for such segment. See Results of Operations *Summary of Our Proportionately Combined Results* for further discussions on Free Cash Flow and our proportionately combined financial measures in Part I of this Form 10-Q.

	Quarter Ended March 31,		Change Favorable/ (Unfavorable)	
	2015	2014	$	%
	($ In Thousands) (Unaudited)			
Free Cash Flow Consolidated basis	$123,777	$52,794	70,983	134.5
Equity distributions from investee[1]		(8,127)		
100% of CP&E Free Cash Flow included in consolidated Free Cash Flow	(2,689)	(2,775)		
MIC's share of IMTT Free Cash Flow[2]		21,416		
MIC's share of CP&E Free Cash Flow	1,593	1,612		
Free Cash Flow Proportionately Combined basis	$122,681	$64,920	57,761	89.0

(1) Equity distributions from investee represent the portion of distributions received from IMTT that are recorded in cash from operating activities prior to the IMTT Acquisition on July 16, 2014.

(2) Represents our proportionate share of IMTT's Free Cash Flow prior to the IMTT Acquisition on July 16, 2014.

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Results of Operations: *IMTT*

Prior to July 16, 2014, we accounted for our 50% interest in IMTT using the equity method of accounting. As of July 16, 2014, we have consolidated IMTT on 100% basis. To enable meaningful analysis of IMTT s performance across periods, IMTT s overall performance is discussed below, rather than IMTT s contribution to our consolidated results for the first quarter of 2014.

Key Factors Affecting Operating Results:

gross profit marginally decreased principally due to:
a decrease in gross profit from heating charges; and
a decrease in levels of spill response activity; partially offset by
a decrease in operating expenses; and
an increase in revenue from firm commitments.

	Quarter Ended March 31,		Change Favorable/ (Unfavorable)	
	2015	2014		
	$	$	$	%
	($ In Thousands) (Unaudited)			
Revenues	138,061	148,078	(10,017)	(6.8)
Cost of services	53,591	63,087	9,496	15.1
Gross Profit	84,470	84,991	(521)	(0.6)
General and administrative expenses	7,704	7,866	162	2.1
Depreciation and amortization	35,879	18,274	(17,605)	(96.3)
Operating income	40,887	58,851	(17,964)	(30.5)
Interest expense, net[(1)]	(6,906)	(7,133)	227	3.2
Other income, net	632	494	138	27.9
Provision for income taxes	(14,089)	(21,102)	7,013	33.2
Noncontrolling interest	(250)	(129)	(121)	(93.8)
Net income[(2)]	20,274	30,981	(10,707)	(34.6)
Reconciliation of net income to EBITDA excluding non-cash items and cash provided by operating activities to Free Cash Flow:				
Net income[(2)]	20,274	30,981		
Interest expense, net[(1)]	6,906	7,133		
Provision for income taxes	14,089	21,102		
Depreciation and amortization	35,879	18,274		
Other non-cash expenses	1,256	1,983		
EBITDA excluding non-cash items	78,404	79,473	(1,069)	(1.3)
EBITDA excluding non-cash items	78,404	79,473		
Interest expense, net[(1)]	(6,906)	(7,133)		
Adjustments to derivative instruments recorded in interest expense[(1)]	(2,379)	(4,136)		
Amortization of debt financing costs[(1)]	113	844		
Provision for income taxes, net of changes in deferred taxes	(577)	(15,109)		
Changes in working capital	(11,612)	5,248		

Cash provided by operating activities	57,043	59,187		
Changes in working capital	11,612	(5,248)		
Maintenance capital expenditures	(2,471)	(11,107)		
Free cash flow	66,184	42,832	23,352	54.5

(1) Interest expense, net, includes adjustments to derivative instruments and non-cash amortization of deferred financing fees.

(2) Corporate allocation expense, intercompany fees and the tax effect have been excluded from the above table as they are eliminated on consolidation.

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Results of Operations: *IMTT* (continued)

Revenue

For the quarter ended March 31, 2015, revenue decreased as a result of reduced spill response activity and heating revenues compared with the prior comparable period, partially offset by increased firm commitments attributable to higher utilization rates and storage prices. OMI Environmental Solutions was involved in fewer emergency response operations in the first quarter of 2015 compared with the first quarter of 2014 resulting in a reduction in revenue of approximately $7.5 million. Heating revenue and gross profit was $5.1 million and $3.9 million lower, respectively, versus the prior comparable period, which benefited from the extreme weather conditions in 2014, commonly known as the Polar Vortex.

IMTT generates the majority of its revenue from contracts that typically comprise a fixed monthly charge (that escalates with inflation) for access to or use of IMTT s infrastructure. We refer to revenues generated from such charges as firm commitments.

Capacity utilization increased to 95.1% in the first quarter of 2015 compared with 92.7% in the first quarter of 2014 and 93.2% in the fourth quarter of 2014 as tanks came back into service following scheduled cleaning and inspection.

Over the past six months, there was a marked increase in price volatility in petroleum markets associated with a sudden decline in crude oil prices. The decline contributed to a contango (a situation where the futures price of a commodity is above the current spot price) in petroleum prices, primarily crude oil, and resulted in an increase in demand for storage in certain geographies.

The impact of the contango in crude prices had minimal impact on IMTT s performance as less than 2% of IMTT s storage is in service for crude oil. The contango in some other products and inflation saw IMTT s overall pricing continue to increase, however, the speed and extent of the commodity price changes caused customers to continue to seek shorter-term contracts than historical norm.

Costs

Costs were 13.6% lower in the first quarter of 2015 compared with the first quarter of 2014 primarily as a result of reduced spill response activity, enhanced cost controls and the realization of efficiencies following the IMTT Acquisition, and lower costs associated with heating. The reduced level of spill response activity contributed $4.2 million to the cost improvement while heating costs were down $1.2 million versus the prior comparable period.

Depreciation and amortization

Depreciation and amortization expense increased for the quarter ended March 31, 2015 compared with the quarter ended March 31, 2014 primarily due to remeasuring the fixed assets and intangible assets to fair value in connection with the IMTT Acquisition.

Interest Expense, Net

Interest expense includes losses on derivative instruments of $2.1 million and $378,000 for the quarters ended March 31, 2015 and 2014, respectively. Cash interest paid totaled $9.2 million and $10.2 million for the quarters ended March 31, 2015 and 2014, respectively. Excluding the derivative adjustments, interest expense and cash interest paid decreased during the first quarter of 2015 compared with the first quarter of 2014 due to lower average debt balances. MIC used excess cash on hand to reduce IMTT s revolving credit balance during the quarter ended March 31, 2015.

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Results of Operations: *IMTT* (continued)

Income Taxes

Subsequent to July 16, 2014, IMTT became part of the MIC consolidated federal taxpayer group, and will continue to file state income tax returns in the states in which it operates. For the quarter ended March 31, 2015, the tax provision in the table above includes both state taxes and the portion of the consolidated federal tax liability attributable to the business. For the year ending December 31, 2015, the business expects to pay $2.3 million in state income taxes. The Provision for income taxes, net of changes in deferred taxes of $577,000 for the quarter ended March 31, 2015 in the table above, relates entirely to state income taxes. Future federal taxable income attributable to IMTT is eligible to be offset in consolidation by MIC s NOLs; however, the business does not anticipate it will have any federal tax liability in 2015.

In December 2014, the Tax Increase Prevention Act of 2014 (the 2014 Tax Act) was signed and became a law. The 2014 Tax Act retroactively extends several tax provisions applicable to corporations, including the extension of 50% bonus depreciation for certain assets placed in service in 2014. During the quarter ended March 31, 2015, IMTT determined that it will elect 50% bonus depreciation for the calendar year 2014. The business expects this will increase the IMTT federal NOL available to the MIC consolidated federal taxpayer group by approximately $36.0 million.

Maintenance Capital Expenditures

For the quarter ended March 31, 2015, IMTT incurred maintenance capital expenditures of $2.5 million and $5.0 million on an accrual basis and cash basis, respectively. This is compared to $11.1 million and $16.8 million on an accrual basis and cash basis, respectively, for the quarter ended March 31, 2014. The decrease in the accrued basis from the quarter ended March 31, 2014 to the quarter ended March 31, 2015 primarily reflects improved controls and processes and the timing of projects. Notwithstanding the reduced expenditure in the first quarter, IMTT is still expected to deploy approximately $45.0 million during 2015 on maintenance projects.

Results of Operations: *Atlantic Aviation*

Key Factors Affecting Operating Results:

contribution from acquired FBOs; and
increases in same store gross profit; partially offset by
higher selling, general and administrative expenses primarily related to acquired FBOs; and
higher cash interest expense.

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Results of Operations: *Atlantic Aviation* (continued)

	Quarter Ended March 31, 2015 $	2014 $	Change Favorable/ (Unfavorable) $	%
	($ In Thousands) (Unaudited)			
Revenues	187,941	193,961	(6,020)	(3.1)
Cost of services	79,826	106,752	26,926	25.2
Gross Profit	108,115	87,209	20,906	24.0
Selling, general and administrative expenses	52,009	47,243	(4,766)	(10.1)
Depreciation and amortization	59,715	14,933	(44,782)	NM
Loss on disposal of assets	545		(545)	NM
Operating (loss) income	(4,154)	25,033	(29,187)	(116.6)
Interest expense, net[1]	(13,085)	(9,565)	(3,520)	(36.8)
Other (expense) income	(27)	2	(29)	NM
Benefit (provision) for income taxes	15,639	(4,915)	20,554	NM
Net (loss) income[2]	(1,627)	10,555	(12,182)	(115.4)
Reconciliation of net (loss) income to EBITDA excluding non-cash items and cash provided by operating activities to Free Cash Flow:				
Net (loss) income[2]	(1,627)	10,555		
Interest expense, net[1]	13,085	9,565		
(Benefit) provision for income taxes	(15,639)	4,915		
Depreciation and amortization	59,715	14,933		
Loss on disposal of assets	453			
Other non-cash expenses	272	68		
EBITDA excluding non-cash items	56,259	40,036	16,223	40.5
EBITDA excluding non-cash items	56,259	40,036		
Interest expense, net[1]	(13,085)	(9,565)		
Adjustments to derivative instruments recorded in interest expense[1]	5,066	2,626		
Amortization of debt financing costs[1]	808	731		
Benefit/provision for income taxes, net of changes in deferred taxes	(355)	(1,244)		
Changes in working capital	(4,206)	(971)		
Cash provided by operating activities	44,487	31,613		
Changes in working capital	4,206	971		
Maintenance capital expenditures	(2,623)	(817)		
Free cash flow	46,070	31,767	14,303	45.0

NM Not meaningful

(1) Interest expense, net, includes adjustments to derivative instruments and non-cash amortization of deferred financing fees.

(2) Corporate allocation expense, intercompany fees and the tax effect have been excluded from the above table as they are eliminated on consolidation.

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Results of Operations: *Atlantic Aviation* (continued)

Revenue and Gross Profit

The majority of the revenue and gross profit earned by Atlantic Aviation is generated through fueling GA aircraft at facilities located at 69 U.S. airports at which Atlantic Aviation operates. The business generally pursues a strategy of maintaining and, where appropriate, increasing dollar-based margins. Generally, fluctuations in the cost of fuel are passed through to the customer. Revenue and gross profit are driven by the volume of fuel sold and the dollar-based margin/fee per gallon on those sales.

Atlantic Aviation completed the acquisition of six FBOs on April 30, 2014 and an additional FBO on January 26, 2015. These acquisitions have performed in-line with expectations and increased gross profit and costs in the quarter ended March 31, 2015 compared with the quarter ended March 31, 2014. On a same store basis, gross profit increased 9.4% in the quarter ended March 31, 2015 compared with the quarter ended March 31, 2014, driven by increases in fuel gross profit and rental revenue.

Atlantic Aviation seeks to extend FBO leases prior to their maturity and to increase the portfolio s weighted average lease life. The weighted average lease life decreased to 18.7 years at March 31, 2015 from 19.2 years at March 31, 2014, notwithstanding the passage of one year.

Selling, General and Administrative Expenses

Selling, general and administrative expenses increased in the quarter ended March 31, 2015 compared with the quarter ended March 31, 2014 primarily due to incremental selling, general and administrative expenses associated with acquired FBOs.

On a same store basis, costs were 2.7% higher in the quarter ended March 31, 2015 primarily due to increased salaries and benefit costs, rent and utility expenses.

Depreciation and Amortization

During the first quarter of 2015, Atlantic Aviation reassessed the useful lives for its contractual arrangements and leasehold and land improvements related to leases at certain airports to generally match these useful lives with the remaining lease terms plus extensions under Atlantic Aviation s control. This change will generally accelerate depreciation and amortization expense at the affected sites. As a result of this reassessment, the business performed an impairment analysis related to its contractual arrangements and leasehold and land improvements and recorded an impairment of $16.3 million, which is included in depreciation and amortization expense. In addition, the change in useful life resulted in increased depreciation and amortization expense of $5.4 million during the quarter.

In addition, during the first quarter of 2015, an impairment charge of $22.0 million was recorded due to a change in the current lease contract at one of the bases. This amount is included in depreciation and amortization expense.

Interest Expense, Net

Interest expense includes losses on derivative instruments of $7.2 million and $4.5 million for the quarters ended March 31, 2015 and 2014, respectively. Excluding the derivative adjustments, interest expense increased due to higher average debt levels in the quarter ended March 31, 2015. The weighted average interest rate of all outstanding debt facilities, including any interest rate swaps, was 4.63% for the quarter ended March 31, 2015. Cash interest paid was $7.3 million and $6.2 million for the quarters ended March 31, 2015 and 2014, respectively.

Income Taxes

Income generated by Atlantic Aviation is included in our consolidated federal income tax return. The business files state income tax returns in the states in which it operates. The tax expense in the table above includes both state taxes and the portion of the consolidated federal tax liability attributable to the business.

For 2015, the business expects to pay state income taxes of approximately $905,000. The Benefit/provision for income taxes, net of changes in deferred taxes of $355,000 for the quarter ended March 31, 2015 in the above table, includes $130,000 of federal income taxes payable to MIC and $225,000 of state income taxes.

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Results of Operations: *Atlantic Aviation* (continued)

Maintenance Capital Expenditures

For the quarter ended March 31, 2015, Atlantic Aviation incurred maintenance capital expenditures of $2.6 million and $2.9 million on an accrual basis and cash basis, respectively. This is compared to $817,000 and $994,000 on an accrual basis and cash basis, respectively, for the quarter ended March 31, 2014. Maintenance capital expenditures for the periods presented were primarily to fund replacement of equipment at existing locations.

Results of Operations: *Contracted Power and Energy*

Key Factors Affecting Operating Results:

contributions from the wind power generation facilities acquired during the second half of 2014; partially offset by sale of district energy business in August 2014.

	Quarter Ended March 31,		Change Favorable/ (Unfavorable)	
	2015	2014		
	$	$	$	%
	($ In Thousands) (Unaudited)			
Service revenues		8,478	(8,478)	(100.0)
Product revenues	11,832	3,658	8,174	NM
Finance lease revenues		747	(747)	(100.0)
Total revenues	11,832	12,883	(1,051)	(8.2)
Cost of revenue service[1]		6,202	6,202	100.0
Cost of revenue product	2,647	860	(1,787)	NM
Cost of revenue total	2,647	7,062	4,415	62.5
Gross profit	9,185	5,821	3,364	57.8
Selling, general and administrative expenses	2,638	1,552	(1,086)	(70.0)
Depreciation and amortization	7,445	3,728	(3,717)	(99.7)
Operating (loss) income	(898)	541	(1,439)	NM
Interest expense, net[2]	(6,338)	(2,645)	(3,693)	(139.6)
Other income	1,116	761	355	46.6
Benefit (provision) for income taxes	818	(599)	1,417	NM
Noncontrolling interest	1,763	527	1,236	NM
Net loss	(3,539)	(1,415)	(2,124)	(150.1)
Reconciliation of net loss to EBITDA excluding non-cash items and cash provided by operating activities to Free Cash Flow:				
Net loss	(3,539)	(1,415)		
Interest expense, net[2]	6,338	2,645		
(Benefit) provision for income taxes	(818)	599		
Depreciation and amortization[1]	7,445	5,432		
Other non-cash income	(2,941)	(765)		
EBITDA excluding non-cash items	6,485	6,496	(11)	(0.2)
EBITDA excluding non-cash items	6,485	6,496		

Interest expense, net(2)	(6,338)	(2,645)		
Adjustments to derivative instruments recorded in interest expense(2)	2,527	(1,525)		
Amortization of debt financing costs(2)	17	192		
Equipment lease receivable, net		996		
Benefit/provision for income taxes, net of changes in deferred taxes	(2)	(389)		
Changes in working capital	1,743	12,423		
Cash provided by operating activities	4,432	15,548		
Changes in working capital	(1,743)	(12,423)		
Maintenance capital expenditures		(350)		
Free cash flow	2,689	2,775	(86)	(3.1)

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Results of Operations: *Contracted Power and Energy* (continued)

NM Not meaningful

(1) Includes depreciation expense of $1.7 million related to the district energy business for the quarter ended March 31, 2014.

(2) Interest expense, net, includes adjustments to derivative instruments and non-cash amortization of deferred financing fees.

Revenue and Gross Profit

Total revenue decreased in the quarter ended March 31, 2015 compared with the quarter ended March 31, 2014 due to the sale of the district energy business on August 21, 2014, partially offset by the results contributed from the wind power generation facilities acquired during the second half of 2014.

Total gross profit increased in the quarter ended March 31, 2015 compared with the quarter ended March 31, 2014 due to contributions from the wind power generation facilities acquired during the second half of 2014, partially offset by the sale of the district energy business.

Selling, General and Administrative Expense

Selling, general and administrative expenses are comprised primarily of transaction-related fees, legal and other professional fees and management and incentive costs. The increase in selling, general and administrative expenses in the quarter ended March 31, 2015 compared with the quarter ended March 31, 2014 was primarily driven by costs contributed by the wind power generation facilities acquired during the second half of 2014. In addition, the business incurred transaction-related fees (primarily the BEC acquisition), legal and incentive costs during the quarter ended March 31, 2015. These increases were partially offset by the sale of the district energy business on August 21, 2014.

Depreciation and Amortization

Depreciation and amortization expense increased for the quarter ended March 31, 2015 compared with the quarter ended March 31, 2014 primarily as a result of depreciation associated with the wind power generation facilities acquired during the second half of 2014.

Interest Expense, Net

Interest expense includes losses on derivative instruments of $2.9 million and $287,000 for the quarters ended March 31, 2015 and 2014, respectively. Excluding the derivative adjustments, interest expense decreased for the quarter ended March 31, 2015 compared with the quarter ended March 31, 2014 due to the absence of the outstanding debt balance at the district energy business during the quarter ended March 31, 2014. This decrease is offset by higher debt balance at the solar and wind power generation facilities for the quarter ended March 31, 2015. Cash interest paid totaled $2.3 million and $2.4 million in the quarters ended March 31, 2015 and 2014, respectively.

Income Taxes

At March 31, 2015, CP&E is comprised of solar and wind power generation facilities that are held in LLCs and treated as partnerships for tax purposes. As such, these facilities do not pay federal or state income taxes on a standalone basis, but each partner pays federal and state income taxes based on their allocated taxable income. For 2015, MIC expects its allocated share of the taxable income from these facilities to be a loss of approximately $1.9 million. For 2014, MIC s allocated share of the taxable income from the solar and wind power generation facilities was a loss of $1.5 million.

Maintenance Capital Expenditures

For the quarter ended March 31, 2014, the district energy business incurred maintenance capital expenditures of $350,000 and $138,000 on an accrual basis and cash basis, respectively. The district energy business was sold on August 21, 2014.

After construction is completed on our solar and wind power generation facilities, the business does not expect to incur substantial capital expenditures at its sites as most upgrades, replenishments and repairs are covered under the respective O&M contract for each site.

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Results of Operations: *Hawaii Gas*

Key Factors Affecting Operating Results:

increase in gross profit due to increases in volume and margin; and
lower selling, general and administrative costs.

	Quarter Ended March 31,		Change Favorable/ (Unfavorable)	
	2015	2014		
	$	$	$	%
	($ In Thousands) (Unaudited)			
Revenues	60,664	69,351	(8,687)	(12.5)
Cost of product sales	36,480	49,379	12,899	26.1
Gross profit	24,184	19,972	4,212	21.1
Selling, general and administrative expenses	5,356	5,623	267	4.7
Depreciation and amortization	2,354	2,258	(96)	(4.3)
Operating income	16,474	12,091	4,383	36.3
Interest expense, net(1)	(1,943)	(1,787)	(156)	(8.7)
Other expense	(144)	(82)	(62)	(75.6)
Provision for income taxes	(5,532)	(4,027)	(1,505)	(37.4)
Net income(2)	8,855	6,195	2,660	42.9
Reconciliation of net income to EBITDA excluding non-cash items and cash provided by operating activities to Free Cash Flow:				
Net income(2)	8,855	6,195		
Interest expense, net(1)	1,943	1,787		
Provision for income taxes	5,532	4,027		
Depreciation and amortization	2,354	2,258		
Other non-cash (income) expenses	(1,830)	724		
EBITDA excluding non-cash items	16,854	14,991	1,863	12.4
EBITDA excluding non-cash items	16,854	14,991		
Interest expense, net(1)	(1,943)	(1,787)		
Adjustments to derivative instruments recorded in interest expense(1)	139	(7)		
Amortization of debt financing costs(1)	121	118		
Provision for income taxes, net of changes in deferred taxes		(2,711)		
Pension contribution		(310)		
Changes in working capital	2,523	(5,488)		
Cash provided by operating activities	17,694	4,806		
Changes in working capital	(2,523)	5,488		
Maintenance capital expenditures	(1,021)	(1,658)		
Free cash flow	14,150	8,636	5,514	63.8

(1) Interest expense, net, includes adjustments to derivative instruments related to interest rate swaps and non-cash amortization of deferred financing fees.

(2) Corporate allocation expense, intercompany fees and the tax effect have been excluded from the above table as they are eliminated on consolidation.

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Results of Operations: *Hawaii Gas* (continued)

Gross Profit and Operating Income

Volume increased by 3.6% in the quarter ended March 31, 2015 compared with the quarter ended March 31, 2014, with increases across all the larger islands. On an underlying basis, adjusting for changes in customer inventory related to the timing of foreign shipments, volume increased by 2.8%. Gross profit per therm increased in the quarter ended March 31, 2015 compared with the quarter ended March 31, 2014 as a result of lower commodity cost including the effect of hedging, partially offset by customer price decreases midway through the quarter. During the quarter ended March 31, 2015, the business significantly increased its supply of propane from off-island sources while decreasing its supply from Hawaii Independent Energy.

Selling, general and administrative expenses in the quarter ended March 31, 2015 decreased as compared with the quarter ended March 31, 2014 driven by lower sales and promotion costs.

In October 2014, the business filed an application with the Hawaii Public Utilities Commission, (HPUC) seeking approval to invest $12.8 million in its utility business for a smaller-scale containerized liquefied natural gas (LNG) import project to provide natural gas as a replacement of up to 30% of synthetic natural gas demand. In the first quarter of 2015, the HPUC issued an Interim Decision and Order, and consistent with this ruling, the business will continue to work with the parties to obtain final approval for the project. Hawaii Gas also continues to work with stakeholders throughout the state to pursue a larger-scale bulk LNG import, storage and distribution program to supply multiple end markets including power generation and ground and marine transportation. In November 2014, Hawaii Gas launched its Invitation to Bid to more than 55 companies with relevant experience in larger-scale bulk LNG. During the first quarter of 2015, the business evaluated responses from more than 20 qualified respondents and has commenced further discussions with a subset of these parties.

Interest Expense, Net

Interest expense includes losses on derivative instruments of $720,000 and $588,000 for the quarters ended March 31, 2015 and 2014, respectively. Excluding the derivative adjustments, interest expense remained flat during the quarter ended March 31, 2015 compared with the quarter ended March 31, 2014. Cash interest paid totaled $2.7 million and $2.8 million for the quarters ended March 31, 2015 and 2014, respectively.

Income Taxes

Income from Hawaii Gas is included in our consolidated federal income tax return, and is subject to Hawaii state income taxes. The tax expense in the table above includes both state taxes and the portion of the consolidated federal tax liability attributable to the business. For the year ending December 31, 2015, the business expects to pay state income taxes of approximately $766,000. The business did not incur any current federal and state income taxes for the quarter ended March 31, 2015. Any current federal income tax liability is expected to be offset in consolidation by the application of NOLs.

Maintenance Capital Expenditures

For the quarter ended March 31, 2015, Hawaii Gas incurred maintenance capital expenditures of $1.0 million and $3.4 million on an accrual basis and cash basis, respectively. This is compared to $1.7 million and $1.9 million on an accrual basis and cash basis, respectively, for the quarter ended March 31, 2014. Maintenance capital expenditures for the periods presented were primarily for transmission line modifications.

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Results of Operations: *Corporate and Other*

The financial results below reflect Corporate and Other s performance during the periods below.

	Quarter Ended March 31,		Change Favorable/ (Unfavorable)	
	2015	2014		
	$	$	$	%
	($ In Thousands) (Unaudited)			
Base management fees	16,545	8,994	(7,551)	(84.0)
Performance fees	148,728		(148,728)	NM
Selling, general and administrative expenses	2,946	1,046	(1,900)	(181.6)
Operating loss	(168,219)	(10,040)	(158,179)	NM
Interest (expense) income, net(1)	(3,243)	50	(3,293)	NM
Benefit for income taxes	58,497	1,055	57,442	NM
Noncontrolling interest		(321)	321	100.0
Net loss(2)	(112,965)	(9,256)	(103,709)	NM
Reconciliation of net loss to EBITDA excluding non-cash items and cash used in operating activities to Free Cash Flow:				
Net loss(2)	(112,965)	(9,256)		
Interest expense (income), net(1)	3,243	(50)		
Benefit for income taxes	(58,497)	(1,055)		
Base management fees to be settled/settled in shares	16,545	8,994		
Performance fee to be settled in shares	148,728			
Other non-cash expense	188	509		
EBITDA excluding non-cash items	(2,758)	(858)	(1,900)	NM
EBITDA excluding non-cash items	(2,758)	(858)		
Interest (expense) income, net(1)	(3,243)	50		
Amortization of debt financing costs(1)	556			
Benefit for income taxes, net of changes in deferred taxes	129	2,297		
Changes in working capital	(1,324)	(2,506)		
Cash used in operating activities	(6,640)	(1,017)		
Changes in working capital	1,324	2,506		
Free cash flow	(5,316)	1,489	(6,805)	NM

NM Not meaningful

(1) Interest (expense) income, net, includes non-cash amortization of deferred financing fees.

(2) Corporate allocation expense, intercompany fees and the tax effect have been excluded from the above table as they are eliminated on consolidation.

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Summary of Our Proportionately Combined Results

The proportionately combined financial measures below are those attributable to MIC s ownership interest in each of our operating businesses and MIC Corporate. 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. 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, our financial results reported under GAAP. See Management s Discussion and Analysis of Financial Condition and Results of Operations for a reconciliation of EBITDA excluding non-cash items to net income, and a reconciliation of Free Cash Flow to cash provided by (used in) operating activities for each of our operating businesses and MIC Corporate ($ in thousands) (unaudited).

	For the Quarter Ended March 31, 2015						
	IMTT 100%(1)	Atlantic Aviation	Contracted Power and Energy(2)	Hawaii Gas	MIC Corporate	Proportionately Combined(3)	Contracted Power and Energy 100%
Gross profit	84,470	108,115	6,820	24,184	N/A	**223,589**	9,185
EBITDA excluding non-cash items	78,404	56,259	4,451	16,854	(2,758)	**153,210**	6,485
Free cash flow	66,184	46,070	1,593	14,150	(5,316)	**122,681**	2,689

	For the Quarter Ended March 31, 2014							
	IMTT 50%(4)	Atlantic Aviation	Contracted Power and Energy(2)	Hawaii Gas	MIC Corporate	Proportionately Combined(3)	IMTT 100%(5)	Contracted Power and Energy 100%
Gross profit	42,496	87,209	3,567	19,972	N/A	**153,243**	84,991	5,821
EBITDA excluding non-cash items	39,737	40,036	3,878	14,991	(858)	**97,783**	79,473	6,496
Free cash flow	21,416	31,767	1,612	8,636	1,489	**64,920**	42,832	2,775

N/A Not applicable.

(1) Represents our 100% ownership interest in IMTT subsequent to July 16, 2014.

(2) Proportionately combined Free Cash Flow for Contracted Power and Energy is equal to MIC s controlling ownership interest in its solar and wind power generation businesses and the district energy business, up to August 21, 2014, date of sale.

(3) Proportionately combined Free Cash Flow is equal to the sum of Free Cash Flow attributable to MIC's ownership interest in each of its operating businesses and MIC Corporate.

(4) Our proportionate interest in IMTT prior to the acquisition of the remaining 50% interest on July 16, 2014.

(5) Represents 100% of IMTT as a stand-alone business.

Liquidity and Capital Resources

General

Our primary cash requirements include normal operating expenses, debt service, debt principal payments, payments of dividends and capital expenditures. Our primary source of cash is operating activities, although we may draw on credit facilities for capital expenditures, issue additional shares or sell assets to generate cash.

At March 31, 2015, our consolidated debt outstanding totaled $1,968.6 million, our consolidated cash balances totaled $101.3 million and total available capacity under our revolving credit facilities totaled $1,379.0 million. On April 1, 2015, we drew $155.0 million on the MIC revolving credit facility to partially fund the BEC acquisition.

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Liquidity and Capital Resources (continued)

We have adopted a cash management policy whereby we will, in general, apply available cash to the repayment of revolving debt balances as a means of minimizing interest expense and draw on those facilities to fund growth projects and for general corporate purposes. For example, a portion of the proceeds of the equity raise completed in March 2015 were used to repay balances outstanding on IMTT s U.S. revolving credit facility.

We use revolving credit facilities at each of our operating companies and the holding company as a means of maintaining access to sufficient liquidity to meet future requirements, including servicing long-term debt obligations and funding growth projects. We base our assessment of the sufficiency of our liquidity and capital resources on the assumptions that:

- our businesses overall generate, and are expected to continue to generate, significant operating cash flow;
- the ongoing capital expenditures associated with our businesses are readily funded from their respective operating cash flow or available debt facilities; and
- we will be able to refinance, extend and/or repay the principal amount of maturing long-term debt on terms that can be supported by our businesses.

We are capitalized in large part using floating rate bank debt with a medium-term maturity of between five and seven years. We hedge a portion of the floating rate exposure for the majority of the term of these facilities using interest rate derivative instruments.

We also use longer dated private placement debt and other forms of capital, including bank, bond or hybrid debt instruments. In general, the debt facilities at our businesses are non-recourse to MIC and there are no cross-collateralization or cross-guarantee provisions in these facilities.

Recent Transactions Affecting Liquidity

On May 1, 2015, we increased the size of our revolving credit facility from $250.0 million to $360.0 million with all terms remaining the same. The facility had $155.0 million drawn to fund a portion of the BEC acquisition on April 1, 2015 and $205.0 million undrawn at May 4, 2015.

On March 2, 2015, we completed an underwritten public offering of 5,312,500 shares pursuant to our shelf registration statement dated April 8, 2013. On March 12, 2015, an additional 796,875 shares were issued pursuant to the exercise of the underwriters over-allotment option. The net proceeds from the offering of $471.6 million were used, in part, to fund the acquisition of BEC on April 1, 2015 and for general corporate purposes.

The following section discusses our sources and uses of cash on a consolidated basis. All intercompany activities such as corporate allocations, capital contributions to our businesses and distributions from our businesses have been excluded from the tables as these transactions are eliminated on consolidation.

Analysis of Consolidated Historical Cash Flows from Operations

	Quarter Ended March 31,		Change Favorable/ (Unfavorable)	
	2015	2014		
($ In Thousands)	$	$	$	%

Cash provided by operating activities	117,016	59,077	57,939	98.1
Cash used in investing activities	(43,074)	(22,613)	(20,461)	(90.5)
Cash used in financing activities	(20,346)	(61,268)	40,922	66.8

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Liquidity and Capital Resources (continued)

Operating Activities

Cash provided by (used in) operating activities is generally comprised of EBITDA excluding non-cash items (as defined by us), less cash interest, tax and pension payments, and changes in working capital. See Management s Discussion and Analysis of Financial Condition and Results of Operations *Results of Operations* for discussions around the components of EBITDA excluding non-cash items on a consolidated basis and for each of our businesses.

The increase in consolidated cash provided by operating activities for the quarter ended March 31, 2015 compared with the quarter ended March 31, 2014 was primarily due to:

- the consolidation of IMTT on July 16, 2014; and
- improved EBITDA excluding non-cash items.

Through July 15, 2014, results for IMTT were accounted for using the equity method of accounting and distributions from IMTT were reflected in our consolidated cash provided by operating activities up to our cumulative 50% share of IMTT s earnings recorded since the date of our investment in IMTT. Distributions from IMTT in excess of this were reflected in our consolidated cash from investing activities as a return of investment in unconsolidated business. From July 16, 2014, results for IMTT have been consolidated with those of our other businesses and distributions from IMTT are eliminated on consolidation.

Investing Activities

The drivers of cash provided by investing activities primarily include proceeds from divestitures of businesses and fixed assets. The drivers of cash used in investing activities primarily include acquisitions of businesses in new and existing segments and capital expenditures. Acquisitions of businesses are generally funded by raising additional equity and/or drawings on credit facilities.

Maintenance capital expenditures are generally funded by cash from operating activities and growth capital expenditures are generally funded by drawing on our available credit facilities or with equity capital. We may fund maintenance capital expenditures from credit facilities or equity capital and growth capital expenditures from operating activities from time to time. See Management s Discussion and Analysis of Financial Condition and Results of Operations *Results of Operations* for maintenance capital expenditures for each of our businesses.

The increase in consolidated cash used in investing activities for the quarter ended March 31, 2015 compared with the quarter ended March 31, 2014 was primarily due to:

- the acquisition of an FBO during January 2015; and
- the consolidation of IMTT s capital expenditures that were previously accounted for under the equity method of accounting; partially offset by
- reduced capital expenditures on solar power generation facilities.

Growth Capital Expenditures

We invested $14.4 million and $18.6 million of growth capital expenditures in our existing businesses during the quarter ended March 31, 2015 and 2014, respectively.

We also evaluate opportunities to acquire additional businesses or assets that we believe could enhance our existing businesses. These opportunities may be significant, such as our acquisition of the remaining 50% interest of IMTT, or they may be incremental and not individually significant to our businesses, such as our 2014 investments in the wind power generation facility in Idaho or our 2015 investment in an FBO in Orlando. We deployed approximately $100.0 million in incremental acquisitions in 2014 and we anticipate deploying approximately that amount again in 2015. Additionally, we evaluate opportunities to acquire businesses or assets that would comprise a new line of business for us.

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Liquidity and Capital Resources (continued)

In addition to various incremental acquisitions, we also have a backlog of growth capital projects that we are completing and/or intend to complete. We consider growth capital projects to be part of our backlog when we have committed to the deployment of capital for the underlying project, and have, where relevant, received all requisite approvals/authorizations for the deployment of such capital. The inclusion of a project in our backlog of growth capital projects does not guarantee that the project will commence, be completed or ultimately generate revenues. Our backlog as of March 31, 2015, consists of projects requiring the deployment of approximately $177.0 million and we anticipate deploying approximately $150.0 million of this amount in 2015. We would therefore anticipate deploying approximately $250.0 million in 2015 including both our growth capital project backlog and incremental opportunities.

Financing Activities

The drivers of cash provided by financing activities primarily include debt financing of acquisitions and capital expenditures, debt refinancing and equity offerings. The drivers of cash used in financing activities primarily include repayment of debt principal balances on maturing debt and dividends to our shareholders.

The decrease in cash used in financing activities for the quarter ended March 31, 2015 compared with the quarter ended March 31, 2014 was primarily due to:

- net cash proceeds from the equity offering completed in March 2015; partially offset by
- net repayments on IMTT revolving credit facility during 2015 using cash proceeds from the equity offering; and
- increase in dividends paid to shareholders during 2015.

IMTT

At March 31, 2015, the drawn balance on IMTT s debt facilities was $533.1 million consisting of $336.3 million in letter of credit backed tax-exempt bonds, $173.4 million in bank owned tax-exempt bonds, $3.2 million drawn on revolving credit facility (Canadian) and $20.2 million in loans from prior owners. The weighted average interest rate on the outstanding debt facilities, including any interest rate swaps and fees associated with outstanding letters of credit was 5.23%. Cash interest paid during the quarters ended March 31, 2015 and 2014 was $9.2 million and $10.2 million, respectively.

Excess cash at MIC has been used to pay down IMTT s revolving credit facility. At March 31, 2015, IMTT s leverage ratio, as defined by the IMTT revolving credit agreement, was below 2.0x resulting in the applicable margin on IMTT s revolving debt interest declining to 1.25%. This reduced margin will not take effect until after March 31, 2015 and will be reviewed again at the end of the quarter ending June 30, 2015.

At March 31, 2015, IMTT s leverage ratio (< 5.00x (default threshold)) was 1.82x and backward interest coverage ratio (> 3.00x (default threshold)) was 7.32x.

Atlantic Aviation

At March 31, 2015, Atlantic Aviation had total debt outstanding of $609.7 million comprised of $605.1 million of senior secured, first lien term loan facilities and $4.6 million of stand-alone debt facilities used to fund construction of certain FBOs. Atlantic Aviation also has access to a $70.0 million senior secured, first lien revolving credit facility which is currently undrawn. The weighted average interest rate on all outstanding debt facilities, including interest rate swaps, was 4.63%. Cash interest paid during the quarters ended March 31, 2015 and 2014 was $7.3 million and $6.2 million, respectively.

At March 31, 2015, Atlantic Aviation s leverage ratio (< 4.75x (default threshold)) was 3.21x.

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Liquidity and Capital Resources (continued)

CP&E

At March 31, 2015, the CP&E segment had $295.8 million in term loan debt. The weighted average interest rate on the term loan debt was 5.29%. Cash interest paid was $2.3 million and $2.4 million for the quarters ended March 31, 2015 and 2014, respectively. At March 31, 2015, all of the CP&E credit facilities were compliant with their respective financial covenants.

Hawaii Gas

At March 31, 2015, Hawaii Gas had total debt outstanding of $180.0 million in term loan and senior secured note borrowings and a revolving credit facility of $60.0 million that remains undrawn. The weighted average interest rate on the outstanding debt facilities, including the interest rate swap, was 3.63%. Cash interest paid was $2.7 million and $2.8 million for the quarters ended March 31, 2015 and 2014, respectively.

At March 31, 2015, the 12 month backward interest coverage ratio (> 3.00x (default threshold)) was 8.88x at HGC Holdings LLC (HGC) and 13.23x at the operating company. The leverage ratio (total indebtedness to capitalization ratio < 65% (default threshold)) at March 31, 2015 was 62.18% at HGC and 34.62% at the operating company.

Additionally, the HPUC requires the consolidated debt to total capital for the HGC to be less than 65% and that $20.0 million in cash resources be readily available at Hawaii Gas, HGC or MIC. At March 31, 2015, the debt to total capital ratio was 62.18% and $20.0 million in cash resources was readily available.

MIC Corporate

At March 31, 2015, MIC had $350.0 million in convertible senior notes outstanding that bear interest at 2.875% and a $250.0 million senior secured revolving credit facility that was undrawn. The revolving credit facility bears interest at LIBOR plus 1.75%. As of May 4, 2015, MIC had $155.0 million drawn on its revolving credit facility, which was used to fund, in part, the acquisition of BEC.

For a description of the material terms and debt covenants of MIC and its businesses, see Note 8 Long-Term Debt in Part II, Item 8, of our Annual Report on Form 10-K for the fiscal year ended December 31, 2014.

Commitments and Contingencies

On January 28, 2015, the Company signed a Purchase and Sale Agreement for the purchase of 100% of BEC for a purchase price of $724.3 million (subject to post-closing working capital adjustments), consisting of $215.2 million in cash and the assumption of $509.1 million of debt, excluding transaction costs. On April 1, 2015, we completed this acquisition funded partially from the MIC revolving credit facility and cash from the completed March 2015 equity offering.

In March 2015, using the remaining proceeds from the March 2015 equity offering, we fully paid down the IMTT U.S. revolving credit facility.

Except as noted above, at March 31, 2015, there had been no material changes in our commitments and contingencies compared with our commitments and contingencies at December 31, 2014. At March 31, 2015, we did not have any material purchase obligations. For a discussion of our other future obligations, due by period, under the various contractual obligations, off-balance sheet arrangements and commitments, please see Liquidity and Capital Resources Commitments and Contingencies in Part II, Item 7 of our Annual Report on Form 10-K for the fiscal year ended December 31, 2014, filed with the SEC on February 18, 2015.

At March 31, 2015, we did not have any material reserves for contingencies. We have other contingencies occurring in the normal course of business, including pending legal and administrative proceedings that are not reflected at this time as they are not ascertainable.

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Commitments and Contingencies (continued)

Our sources of cash to meet these obligations include:

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

Critical Accounting Policies and Estimates

For critical accounting policies and estimates, see Critical Accounting Policies and Estimates in Part II, Item 7 of our Annual Report on Form 10-K for the fiscal year ended December 31, 2014. Our critical accounting policies and estimates have not changed materially from the description contained in our Annual Report, except for the reassessment of the useful lives for its contractual arrangements and leasehold and land improvements related to leases at certain airports to generally match these useful lives with the remaining lease terms plus extensions under Atlantic Aviation s control. This change will generally accelerate depreciation and amortization expense at the affected sites.

Business Combinations

Our acquisitions of businesses that we control are accounted for under the purchase method of accounting. The amounts assigned to the identifiable assets acquired and liabilities assumed in connection with acquisitions are based on estimated fair values as of the date of the acquisition, with the remainder, if any, recorded as goodwill. The fair values are determined by our management, taking into consideration information supplied by the management of acquired entities and other relevant information. Such information includes valuations supplied by independent appraisal experts for significant business combinations. The valuations are generally based upon future cash flow projections for the acquired assets, discounted to present value. The determination of fair values require significant judgment both by management and outside experts engaged to assist in this process.

Goodwill, Intangible Assets and Property, Plant and Equipment

Significant assets acquired in connection with our acquisition of businesses include contract rights, customer relationships, non-compete agreements, trademarks, property and equipment and goodwill.

Trademarks are generally considered to be indefinite life intangibles. Trademarks and goodwill are not amortized in most circumstances. It may be appropriate to amortize some trademarks. However, for unamortized intangible assets, we are required to perform annual impairment reviews and more frequently in certain circumstances.

ASU No. 2011-08, *Intangibles Goodwill and Other (Topic 350)*: Testing Goodwill for Impairment, permits an entity to make a qualitative assessment of whether it is more likely than not that a reporting unit s fair value is less than its carrying amount before applying the two-step goodwill impairment test, as discussed below. If an entity concludes it is not more likely than not that the fair value of a reporting unit is less than its carrying amount, it need not perform the two-step impairment test.

Critical Accounting Policies and Estimates (continued)

If an entity concludes that it is more likely than not that the fair value of reporting unit is less than its carrying amount, it needs to perform the two-step impairment test. This requires management to make judgments in determining what assumptions to use in the calculation. The first step of the process consists of estimating the fair value of each reporting unit based on a discounted cash flow model using revenue and profit forecasts and comparing those estimated fair values with the carrying values, which includes the allocated goodwill. If the estimated fair value is less than the carrying value, a second step is performed to compute the amount of the impairment by determining an implied fair value of goodwill. The determination of a reporting unit s implied fair value of goodwill requires the allocation of the estimated fair value of the reporting unit to the assets and liabilities of the reporting unit. Any unallocated fair value represents the implied fair value of goodwill, which is compared with its corresponding carrying value. IMTT, Atlantic Aviation, CP&E and Hawaii Gas are separate reporting units for purposes of this analysis. The impairment test for trademarks, which are not amortized, requires the determination of the fair value of such assets. If the fair value of the trademarks is less than their carrying value, an impairment loss is recognized in an amount equal to the difference. We cannot predict the occurrence of certain future events that might adversely affect the reported value of goodwill and/or intangible assets. Such events include, but are not limited to, strategic decisions made in response to economic and competitive conditions, the impact of the economic environment on our customer base, or material negative change in relationship with significant customers.

Property and equipment is initially stated at cost. Depreciation on property and equipment is computed using the straight-line method over the estimated useful lives of the property and equipment after consideration of historical results and anticipated results based on our current plans. Our estimated useful lives represent the period the asset remains in service assuming normal routine maintenance. We review the estimated useful lives assigned to property and equipment when our business experience suggests that they do not properly reflect the consumption of economic benefits embodied in the property and equipment nor result in the appropriate matching of cost against revenue. Factors that lead to such a conclusion may include physical observation of asset usage, examination of realized gains and losses on asset disposals and consideration of market trends such as technological obsolescence or change in market demand.

Significant intangibles, including contract rights, customer relationships, non-compete agreements and technology are amortized using the straight-line method over the estimated useful lives of the intangible asset after consideration of historical results and anticipated results based on our current plans. With respect to contractual rights at Atlantic Aviation, the useful lives will generally match the remaining lease terms plus extensions under the business control.

We perform impairment reviews of property and equipment and intangibles subject to amortization, when events or circumstances indicate that assets are less than their carrying amount and the undiscounted cash flows estimated to be generated by those assets are less than the carrying amount of those assets. In this circumstance, the impairment charge is determined based upon the amount by which the net book value of the assets exceeds their fair market value. Any impairment is measured by comparing the fair value of the asset to its carrying value.

The implied fair value of reporting units and fair value of property and equipment and intangible assets is determined by our management and is generally based upon future cash flow projections for the acquired assets, discounted to present value. We use outside valuation experts when management considers that it is appropriate to do so.

We test for goodwill and indefinite-lived intangible assets annually as of October 1st or when there is an indicator of impairment.

Quantitative and Qualitative Disclosures About Market Risk

For quantitative and qualitative disclosures about market risk, see Part II, Item 7A Quantitative and Qualitative Disclosures about Market Risk in our Annual Report on Form 10-K for the fiscal year ended December 31, 2014. Our exposure to market risk has not changed materially since February 18, 2015, the filing date for our Annual Report on Form 10-K.

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Controls and Procedures

Evaluation of Disclosure Controls and Procedures

Under the direction and with the participation of our Chief Executive Officer and Chief Financial Officer, we evaluated our disclosure controls and procedures (as such term is defined under Rule 13a-15(e) and 15d-15(e) of the Exchange Act) as of the end of the period covered by this report. The purpose of disclosure controls is to ensure that information required to be disclosed in our reports filed with or submitted to the SEC under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC s rules and forms. Disclosure controls are also designed to ensure that such information is accumulated and communicated to our management, including our principal executive officer and principal financial officer, to allow timely decisions regarding required disclosure. Based on this evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as of March 31, 2015.

Changes in Internal Control Over Financial Reporting

On July 16, 2014, we completed the acquisition of the remaining 50% interest in IMTT that we did not previously own and consolidated the financial results of IMTT effective as of such date. Prior to the acquisition, we had a 50% investment in IMTT, which was accounted for under the equity method, and we did not directly manage the day to day operations of IMTT. The Company is evaluating changes to processes, information technology systems and other components of internal controls over financial reporting as part of its ongoing integration activities, and as a result, controls will be periodically changed. See Part II, Item 7 Management s Discussion and Analysis of Financial Condition and Results of Operations and Note 4 Acquisitions and Disposition, in our Annual Report on Form 10-K for the fiscal year ended December 31, 2014. There have not been any other changes in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) of the Exchange Act) that occurred during the quarter ended March 31, 2015 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

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MACQUARIE INFRASTRUCTURE COMPANY LLC

CONSOLIDATED CONDENSED BALANCE SHEETS ($ in Thousands, Except Share Data)

	March 31, 2015 (Unaudited)	December 31, 2014
ASSETS		
Current assets:		
Cash and cash equivalents	$101,312	$48,014
Restricted cash	9,565	21,282
Accounts receivable, less allowance for doubtful accounts of $1,328 and $771, respectively	96,928	96,885
Inventories	26,114	28,080
Prepaid expenses	14,642	14,276
Deferred income taxes	25,412	25,412
Other	18,355	22,941
Total current assets	292,328	256,890
Property, equipment, land and leasehold improvements, net	3,331,537	3,362,585
Investment in unconsolidated business	9,166	9,773
Goodwill	1,992,742	1,996,259
Intangible assets, net	916,515	959,634
Deferred financing costs, net of accumulated amortization	30,548	32,037
Other	11,936	8,010
Total assets	$6,584,772	$6,625,188
LIABILITIES AND MEMBERS' EQUITY		
Current liabilities:		
Due to manager-related party	$154,822	$4,858
Accounts payable	42,119	49,733
Accrued expenses	62,152	77,248
Current portion of long-term debt	28,187	27,655
Fair value of derivative instruments	29,499	32,111
Other	25,820	32,727
Total current liabilities	342,599	224,332
Long-term debt, net of current portion	1,940,406	2,364,866
Deferred income taxes	845,486	904,108
Fair value of derivative instruments	32,620	27,724
Other	139,828	133,990
Total liabilities	3,300,939	3,655,020
Commitments and contingencies		
Members equity:		

LLC interests, or shares, no par value; 500,000,000 authorized; 77,412,136 shares issued and outstanding at March 31, 2015 and 71,089,590 shares issued and outstanding at December 31, 2014	2,351,612	1,942,745
Additional paid in capital	21,447	21,447
Accumulated other comprehensive loss	(23,975)	(21,550)
Retained earnings	755,519	844,521
Total members equity	3,104,603	2,787,163
Noncontrolling interests	179,230	183,005
Total equity	3,283,833	2,970,168
Total liabilities and equity	$6,584,772	$6,625,188

See accompanying notes to the consolidated condensed financial statements.

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MACQUARIE INFRASTRUCTURE COMPANY LLC

CONSOLIDATED CONDENSED STATEMENTS OF OPERATIONS
(Unaudited)
($ in Thousands, Except Share and Per Share Data)

	Quarter Ended March 31, 2015	Quarter Ended March 31, 2014
Revenue		
Service revenue	$326,002	$202,439
Product revenue	72,496	73,009
Financing and equipment lease income		747
Total revenue	398,498	276,195
Costs and expenses		
Cost of services	133,417	112,954
Cost of product sales	39,127	50,239
Selling, general and administrative	70,653	55,464
Fees to manager-related party	165,273	8,994
Depreciation	57,422	12,154
Amortization of intangibles	47,971	8,765
Loss on disposal of assets	545	
Total operating expenses	514,408	248,570
Operating (loss) income	(115,910)	27,625
Other income (expense)		
Dividend income	531	
Interest income	6	64
Interest expense[(1)]	(31,521)	(14,011)
Equity in earnings and amortization charges of investee		14,287
Other income, net	1,046	681
Net (loss) income before income taxes	(145,848)	28,646
Benefit (provision) for income taxes[(2)]	55,333	(8,486)
Net (loss) income	$(90,515)	$20,160
Less: net loss attributable to noncontrolling interests	(1,513)	(206)
Net (loss) income attributable to MIC LLC	$(89,002)	$20,366
Basic (loss) income per share attributable to MIC LLC	$(1.22)	$0.36
Weighted average number of shares outstanding: basic	73,150,111	56,369,295
Diluted (loss) income per share attributable to MIC LLC	$(1.22)	$0.36
Weighted average number of shares outstanding: diluted	73,150,111	56,382,205
Cash dividends declared per share	$1.07	$0.9375

(1) Interest expense includes losses on derivative instruments of $12.9 million and $5.3 million for the quarters ended March 31, 2015 and 2014, respectively, of which net loss of $239,000 was reclassified from accumulated other comprehensive loss for the quarter ended March 31, 2014.

(2) Includes $95,000 of benefit for income taxes from accumulated other comprehensive loss reclassification for the quarter ended March 31, 2014.

See accompanying notes to the consolidated condensed financial statements.

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MACQUARIE INFRASTRUCTURE COMPANY LLC

CONSOLIDATED CONDENSED STATEMENTS OF COMPREHENSIVE (LOSS) INCOME (Unaudited) ($ in Thousands)

	Quarter Ended March 31, 2015	Quarter Ended March 31, 2014
Net (loss) income	$ (90,515)	$ 20,160
Other comprehensive loss, net of taxes:		
Reclassification of realized losses of derivatives into earnings[1]		150
Translation adjustment[2]	(4,051)	(285)
Other comprehensive loss	(4,051)	(135)
Comprehensive (loss) income	$ (94,566)	$ 20,025
Less: comprehensive loss attributable to noncontrolling interests	(3,139)	(134)
Comprehensive (loss) income attributable to MIC LLC	$ (91,427)	$ 20,159

(1) Reclassification of realized losses of derivatives is composed of (i) pre-tax derivative losses into interest expense of $239,000 and the related tax benefit of $95,000 in the consolidated condensed statement of operations; and (ii) pre-tax derivative losses of $10,000 as an adjustment to investment in unconsolidated business and an adjustment to deferred taxes of $4,000 in the consolidated condensed balance sheet for the quarter ended March 31, 2014.

(2) Translation adjustment is presented net of taxes of $1.7 million and $154,000 for the quarters ended March 31, 2015 and 2014, respectively.

See accompanying notes to the consolidated condensed financial statements.

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MACQUARIE INFRASTRUCTURE COMPANY LLC

CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS
(Unaudited)
($ in Thousands)

	Quarter Ended March 31, 2015	Quarter Ended March 31, 2014
Operating activities		
Net (loss) income	$ (90,515)	$ 20,160
Adjustments to reconcile net (loss) income to net cash provided by operating activities:		
Depreciation and amortization of property and equipment	57,422	13,858
Amortization of intangible assets	47,971	8,765
Loss on disposal of assets	453	
Equity in earnings and amortization charges of investee		(14,287)
Equity distributions from investee		8,127
Amortization of debt financing costs	1,615	1,041
Adjustments to derivative instruments	2,833	1,094
Base management fees to be settled/settled in shares	16,545	8,994
Performance fees to be settled in shares	148,728	
Equipment lease receivable, net		996
Deferred rent	233	50
Deferred taxes	(56,138)	6,439
Other non-cash expenses, net	745	692
Changes in other assets and liabilities, net of acquisitions:		
Restricted cash	669	14,643
Accounts receivable	222	(6,431)
Inventories	2,087	1,973
Prepaid expenses and other current assets	5,901	(492)
Due to manager related party	(88)	(116)
Accounts payable and accrued expenses	(18,153)	(4,166)
Income taxes payable	(853)	(69)
Pension contribution		(310)
Other, net	(2,661)	(1,884)
Net cash provided by operating activities	117,016	59,077
Investing activities		
Acquisitions of businesses and investments, net of cash acquired	(18,137)	(1,052)
Purchases of property and equipment	(25,481)	(21,613)

Other, net	544	52
Net cash used in investing activities	(43,074)	(22,613)

See accompanying notes to the consolidated condensed financial statements.

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MACQUARIE INFRASTRUCTURE COMPANY LLC

CONSOLIDATED CONDENSED STATEMENTS OF CASH FLOWS (continued) (Unaudited) ($ in Thousands)

	Quarter Ended March 31, 2015	Quarter Ended March 31, 2014
Financing activities		
Proceeds from long-term debt	$ 29,000	$ 4,884
Payment of long-term debt	(452,628)	(11,084)
Proceeds from the issuance of shares	487,937	
Dividends paid to shareholders	(78,075)	(51,469)
Distributions paid to noncontrolling interests	(1,000)	(656)
Offering and equity raise costs paid	(15,964)	(5)
Debt financing costs paid		(1,050)
Proceeds from the issuance of shares pursuant to MIC Direct	95	72
Change in restricted cash	11,047	(1,506)
Payment of capital lease obligations	(758)	(454)
Net cash used in financing activities	(20,346)	(61,268)
Effect of exchange rate changes on cash and cash equivalents	(298)	
Net change in cash and cash equivalents	53,298	(24,804)
Cash and cash equivalents, beginning of period	48,014	233,373
Cash and cash equivalents, end of period	$ 101,312	$ 208,569
Supplemental disclosures of cash flow information		
Non-cash investing and financing activities:		
Accrued equity offering costs	$ 349	$ 1
Accrued financing costs	$ 126	$
Accrued purchases of property and equipment	$ 5,239	$ 1,797
Acquisition of equipment through capital leases	$ 398	$
Issuance of shares to manager for base management fees	$ 15,221	$ 8,777
Conversion of convertible senior notes to shares	$ 2	$
Conversion of construction loan to term loan	$	$ 60,360
Distributions payable to noncontrolling interests	$ 75	$ 128
Taxes paid	$ 1,657	$ 2,116
Interest paid	$ 26,887	$ 11,351

See accompanying notes to the consolidated condensed financial statements.

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MACQUARIE INFRASTRUCTURE COMPANY LLC

NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS (Unaudited)

1. Organization and Description of Business

Macquarie Infrastructure Company LLC, a Delaware limited liability company, was formed on April 13, 2004. Macquarie Infrastructure Company LLC, both on an individual entity basis and together with its consolidated subsidiaries, is referred to in these financial statements as the Company or MIC . The Company owns, operates and invests in a diversified group of infrastructure businesses in the United States. Macquarie Infrastructure Management (USA) Inc. is the Company s manager and is referred to in these financial statements as the Manager. The Manager is a wholly-owned subsidiary within the Macquarie Group of companies, which is comprised of Macquarie Group Limited and its subsidiaries and affiliates worldwide. Macquarie Group Limited is headquartered in Australia and is listed on the Australian Stock Exchange.

MIC is a non-operating holding company with a Board of Directors and other corporate governance responsibilities generally consistent with those of a Delaware corporation. MIC has made an election to be treated as a corporation for tax purposes.

The Company owns its businesses through its direct wholly-owned subsidiary, Macquarie Infrastructure Company Inc., or MIC Inc. The Company s businesses operate predominantly in the United States and consist of the following:

International-Matex Tank Terminals (IMTT): a bulk liquid terminals business that provides bulk liquid storage, handling and other services at ten marine terminals in the United States and two in Canada and is one of the larger participants in this industry in the U.S., based on storage capacity;
Atlantic Aviation: a network of aviation fixed-base operations (FBOs) that provide fuel, terminal, aircraft hangaring and other services primarily to owners and operators of general aviation (GA) aircraft at 69 airports in the U.S.;
Contracted Power and Energy (CP&E) Segment: controlling interests in solar, wind and gas-fired power generation facilities in the U.S.; and
Hawaii Gas: a gas energy company processing and distributing gas and providing related services in Hawaii.

2. Basis of Presentation

The unaudited consolidated condensed financial statements have been prepared in accordance with accounting principles generally accepted in the United States (GAAP) and in accordance with the instructions to Form 10-Q and Article 10 of Regulation S-X for interim financial information. Certain information or footnote disclosures normally included in financial statements prepared in accordance with GAAP have been condensed or omitted, pursuant to the rules and regulations of the SEC for interim financial reporting. Accordingly, they do not include all of the information and notes required by GAAP for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring adjustments) considered necessary for a fair presentation have been included.

The consolidated balance sheet at December 31, 2014 has been derived from audited financial statements but does not include all of the information and notes required by GAAP for complete financial statements. Certain reclassifications were made to the financial statements for the prior period to conform to current period presentation.

The interim financial information contained herein should be read in conjunction with the consolidated financial statements and notes thereto for the year ended December 31, 2014 included in the Company s Annual Report on Form 10-K, as filed with the SEC on February 18, 2015. Operating results for the quarter ended March 31, 2015 are not necessarily indicative of the results that may be expected for the year ending December 31, 2015 or for any future interim periods.

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MACQUARIE INFRASTRUCTURE COMPANY LLC

NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS
(Unaudited)

2. Basis of Presentation (continued)

Use of Estimates

The preparation of unaudited consolidated condensed financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure related thereto at the date of the unaudited consolidated condensed financial statements and the reported amounts of revenues and expenses during the reporting period. Management evaluates these estimates and assumptions on an ongoing basis.

Making estimates requires management to exercise significant judgment. It is at least reasonably possible that the estimate of the effect of a condition, situation or set of circumstances that existed at the date of the unaudited interim consolidated condensed financial statements, which management considered in formulating its estimate, could change in the near term due to one or more future confirming events. Accordingly, the actual results could differ significantly from estimates.

Recently Issued Accounting Standards

On April 7, 2015, the FASB issued Accounting Standards Update (ASU) No. 2015-03, *Interest Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs*, which requires that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. The recognition and measurement guidance for debt issuance costs are not affected by the amendments. The guidance in the ASU is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2015. Early adoption is allowed. The standard must be applied retrospectively to all prior periods presented. The Company will include appropriate disclosures related to debt issuance costs in accordance with the standard when it adopts the provisions of this ASU.

On February 18, 2015, the FASB issued ASU No. 2015-02, *Consolidation (Topic 810): Amendments to the Consolidation Analysis*, which changes the way reporting enterprises evaluate whether (a) they should consolidate limited partnerships and similar entities, (b) fees paid to a decision maker or service provider are variable interests in a variable interest entity (VIE), and (c) variable interests in a VIE held by related parties of the reporting enterprise require the reporting enterprise to consolidate the VIE. The ASU significantly changes how to evaluate voting rights for entities that are not similar to limited partnerships when determining whether the entity is a VIE, which may affect entities for which the decision making rights are conveyed through a contractual arrangement. The ASU is effective for annual and interim periods in fiscal years beginning after December 15, 2015. Early adoption is allowed, including early adoption in an interim period. A reporting enterprise may apply a modified retrospective approach or full retrospective application. The Company has not yet determined the effect of the standard on its ongoing financial reporting.

On May 28, 2014, the FASB issued ASU No. 2014-09, *Revenue from Contracts with Customers*, which requires an entity to recognize the amount of revenue to which it expects to be entitled for the transfer of promised goods or services to customers. The ASU will replace most existing revenue recognition guidance in U.S. GAAP when it becomes effective. The new standard is effective for the Company on January 1, 2017. Early application is not permitted. The standard permits the use of either the retrospective or cumulative effect transition method. The Company is evaluating the effect that ASU 2014-09 will have on its consolidated financial statements and related disclosures. The Company has not yet selected a transition method nor has it determined the effect of the standard on its ongoing financial reporting.

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MACQUARIE INFRASTRUCTURE COMPANY LLC

NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS (Unaudited)

3. (Loss) Income per Share

Following is a reconciliation of the basic and diluted number of shares used in computing (loss) income per share:

	Quarter Ended March 31,	
	2015	2014
Weighted average number of shares outstanding: basic	73,150,111	56,369,295
Dilutive effect of restricted stock unit grants and convertible senior notes		12,910
Weighted average number of shares outstanding: diluted	73,150,111	56,382,205

Restricted stock unit grants totaling 12,525 provided to the independent directors on May 21, 2014, which will vest during the second quarter of 2015, and 4,127,970 shares related to the convertible senior notes that were issued on July 15, 2014 would have been anti-dilutive due to the Company s net loss for the quarter ended March 31, 2015.

The effect of potentially dilutive shares for the quarter ended March 31, 2014 is calculated assuming that the 12,910 restricted stock unit grants provided to the independent directors on May 20, 2013, which vested during the second quarter of 2014, had been fully converted to shares on the grant date.

4. Acquisitions

In 2014, the Company acquired controlling interests in wind power generation facilities, consisting of Brahms Wind, LLC, Exergy Idaho Holdings, LLC and Idaho Wind Partners 1, LLC (collectively the 2014 wind power generation facilities), for a combined purchase price of $103.3 million. These wind farms have a total of 134 turbines located in New Mexico and Idaho and have a total wind power generation capacity of 203 megawatts of electricity. The Company entered into LLC agreements with the noncontrolling interest co-investors whose interests in these projects are reflected in noncontrolling interests in the consolidated condensed financial statements.

During the first quarter of 2015, the Company completed the purchase price allocation associated with the acquisitions. Substantially all of the purchase price has been allocated to the wind turbines, which have a fair value of $313.4 million, and is primarily offset by $163.9 million of amortizing term loan debt and noncontrolling interests. The fair value was determined using various valuation techniques, including the market approach, income approach and/or cost approach.

For the year ended December 31, 2014, the Company recorded transaction related costs of $2.0 million in selling, general and administrative expenses for these investments. Had the acquisitions occurred as of January 1, 2014, the consolidated results of operations would not have been materially different.

MACQUARIE INFRASTRUCTURE COMPANY LLC

NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS (Unaudited)

5. Property, Equipment, Land and Leasehold Improvements

Property, equipment, land and leasehold improvements at March 31, 2015 and December 31, 2014 consist of the following ($ in thousands):

	March 31, 2015	December 31, 2014
Land	$ 271,890	$ 272,110
Easements	131	131
Buildings	40,921	40,730
Leasehold and land improvements	431,597	439,962
Machinery and equipment	2,819,393	2,810,531
Furniture and fixtures	28,828	28,664
Construction in progress	81,904	72,241
	3,674,664	3,664,369
Less: accumulated depreciation	(343,127)	(301,784)
Property, equipment, land and leasehold improvements, net	$ 3,331,537	$ 3,362,585

During the quarter ended March 31, 2015, Atlantic Aviation reassessed the useful lives for its leasehold and land improvements related to leases at certain airports to generally match these useful lives with the remaining lease terms plus extensions under Atlantic Aviation s control. This change will generally accelerate depreciation expense at the affected sites. As a result of this reassessment, the business performed an impairment analysis related to its leasehold and land improvements and recorded an impairment of $2.8 million, which is included in depreciation expense. In addition, the change in useful life resulted in increased depreciation expense of $1.1 million during the quarter.

In addition, during the quarter ended March 31, 2015, an impairment charge of $4.2 million was recorded due to a change in the current lease contract at one of the bases. This amount is included in depreciation expense.

6. Intangible Assets

Intangible assets at March 31, 2015 and December 31, 2014 consist of the following ($ in thousands):

	March 31, 2015	December 31, 2014
Contractual arrangements	$ 830,525	$ 873,406
Non-compete agreements	9,665	9,665

Customer relationships	341,457	342,232
Leasehold rights	350	350
Trade names	16,091	16,091
Technology	8,760	8,760
	1,206,848	1,250,504
Less: accumulated amortization	(290,333)	(290,870)
Intangible assets, net	$ 916,515	$ 959,634

During the quarter ended March 31, 2015, Atlantic Aviation reassessed the useful lives for its contractual arrangements related to leases at certain airports to generally match these useful lives with the remaining lease terms plus extensions under Atlantic Aviation s control. This change will generally accelerate amortization expense at the affected sites. As a result of this reassessment, the business performed an impairment analysis related to its contractual arrangements and recorded an impairment of $13.5 million, which is included in amortization expense. In addition, the change in useful life resulted in increased amortization expense of $4.3 million during the quarter.

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MACQUARIE INFRASTRUCTURE COMPANY LLC

NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS (Unaudited)

6. Intangible Assets (continued)

In addition, during the quarter ended March 31, 2015, an impairment charge of $17.8 million was recorded due to a change in the current lease contract at one of the bases. This amount is included in amortization expense.

The goodwill balance as of March 31, 2015 is comprised of the following ($ in thousands):

Goodwill acquired in business combinations, net of disposals, at December 31, 2014	$ 2,120,424
Less: accumulated impairment charges	(123,200)
Less: other	(965)
Balance at December 31, 2014	1,996,259
Add: goodwill related to 2015 acquisition	3,444
Less: purchase accounting adjustments related to 2014 acquisition	(6,241)
Less: other	(720)
Balance at March 31, 2015	$ 1,992,742

The Company tests for goodwill impairment at the reporting unit level on an annual basis on October 1st of each year and between annual tests if a triggering event indicates impairment. There were no triggering events indicating impairment for the quarter ended March 31, 2015.

7. Long-Term Debt

At March 31, 2015 and December 31, 2014, the Company s consolidated long-term debt comprised the following ($ in thousands):

	March 31, 2015	December 31, 2014
IMTT	$ 533,146	$ 953,061
Atlantic Aviation	609,650	611,328
CP&E	295,799	298,132
Hawaii Gas	180,000	180,000
MIC Corporate	349,998	350,000
Total	1,968,593	2,392,521
Less: current portion	(28,187)	(27,655)
Long-term portion	$ 1,940,406	$ 2,364,866

During the quarter ended March 31, 2015, using the proceeds from the March 2015 underwritten public offering, the Company repaid IMTT s U.S. revolving credit facility in full. There were no amounts drawn on the U.S. revolving credit facilities at IMTT, Atlantic Aviation, Hawaii Gas and at MIC Corporate at March 31, 2015.

On April 1, 2015, the Company borrowed $155.0 million on the MIC Corporate senior secured revolving credit facility to partially fund the Bayonne Energy Center (BEC) acquisition. See Note 14, Subsequent Events , for further discussion on BEC. On May 1, 2015, MIC increased the size of its revolving credit facility from $250.0 million to $360.0 million with all terms remaining the same. At May 4, 2015, the MIC revolving credit facility had $205.0 million undrawn. In addition, revolving credit facilities at IMTT (U.S.), Atlantic Aviation and Hawaii Gas remain undrawn on May 4, 2015.

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MACQUARIE INFRASTRUCTURE COMPANY LLC

NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS (Unaudited)

8. Derivative Instruments and Hedging Activities

Interest Rate Swap Contracts

The Company and certain of its businesses have in place variable-rate debt. Management believes that it is prudent to limit the variability of a portion of the business interest payments. To meet this objective, the Company enters into interest rate swap agreements to manage fluctuations in cash flows resulting from interest rate risk on a portion of its debt with a variable-rate component. These swaps change the variable-rate cash flow exposure on the debt obligations to fixed cash flows. Under the terms of the interest rate swaps, the Company receives variable interest rate payments and makes fixed interest rate payments, thereby creating the equivalent of fixed-rate debt for the portion of the debt that is swapped. At March 31, 2015, the Company had $2.0 billion of current and long-term debt, $1.1 billion of which was economically hedged with interest rate contracts, $612.3 million fixed rate debt and $297.9 million of which was unhedged.

The Company elected to discontinue hedge accounting in 2009. In prior periods, when the Company applied hedge accounting, changes in the fair value of derivatives that effectively offset the variability of cash flows on the Company s debt interest obligations were recorded in other comprehensive income or loss. From the dates that hedge accounting was discontinued, all movements in the fair value of the interest rate swaps are recorded directly through earnings. As interest payments are made, a portion of the other comprehensive loss recorded under hedge accounting was also reclassified into earnings. At December 31, 2014, the other comprehensive loss was fully amortized.

The interest rate on IMTT s borrowings under the tax-exempt bonds and the U.S. revolving credit facility floats at LIBOR plus a fixed margin. At March 31, 2015, IMTT has two interest rate swap contracts that fix the floating rates on these facilities. The interest rate swap related to the tax-exempt bond has a $215.0 million notional value that expires in June 2017 and fixes the floating rate at 3.662%. The interest rate swap related to the U.S. revolving credit facility has a $200.0 million notional value that expires in March 2017 and fixes the floating rate at 5.507%.

Atlantic Aviation entered into amortizing term loan facilities that floats at LIBOR plus 2.50%, with a minimum LIBOR of 0.75%. Atlantic Aviation entered into amortizing interest rate swap contracts that expire on July 31, 2019. The amortization on the interest rate swap contracts are scheduled to equal the total principal balance on the amortizing term loan facilities, resulting in the total outstanding principal balance to be 100% hedged. This effectively fixes the interest rate on the term loan facilities through the maturity of the interest rate swap contracts at a weighted average of 4.63%.

One of the wind power generation facilities acquired in 2014 has an amortizing term loan that matures in December 2027. The interest rate on the outstanding debt balance floats at LIBOR plus a fixed margin. The floating rate has been fixed using amortizing interest rate swap contracts that are scheduled to equal the total principal balance outstanding on the term loan facility until maturity in December 2027, resulting in the principal balance on the term loans to be 100% hedged. At March 31, 2015, the weighted average of the interest rate from the outstanding swaps is effectively fixed at 5.822%.

Hawaii Gas has an $80.0 million term loan that floats at LIBOR plus 2.25% and has effectively been fixed at 2.89% using an interest rate swap through August 8, 2016, maturity of the swap.

Commodity Price Hedges

The risk associated with fluctuations in the prices Hawaii Gas pays for propane is principally a result of market forces reflecting changes in supply and demand for propane and other energy commodities. Hawaii Gas s gross profit is sensitive to changes in propane supply costs and Hawaii Gas may not always be able to pass through product cost increases fully or on a timely basis, particularly when product costs rise rapidly. In order to reduce the volatility of the business propane market price risk, Hawaii Gas had used and expects to continue to use over-the-counter commodity derivative instruments including price swaps. Hawaii Gas does

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MACQUARIE INFRASTRUCTURE COMPANY LLC

NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS
(Unaudited)

8. Derivative Instruments and Hedging Activities (continued)

not use commodity derivative instruments for speculative or trading purposes. Over-the-counter derivative commodity instruments utilized by Hawaii Gas to hedge forecasted purchases of propane are generally settled at expiration of the contract.

The Company measures derivative instruments at fair value using the income approach which discounts the future net cash settlements expected under the derivative contracts to a present value. These valuations utilize primarily observable (level 2) inputs, including contractual terms, interest rates and yield curves observable at commonly quoted intervals.

The Company s fair value measurements of its derivative instruments and the related location of the assets and liabilities associated with the hedging instruments within the consolidated condensed balance sheets at March 31, 2015 and December 31, 2014 were as follows ($ in thousands):

Balance Sheet Location	Assets (Liabilities) at Fair Value[1] Derivative Contracts Not Designated as Hedging Instruments March 31, 2015	December 31, 2014
Fair value of derivative instruments non-current assets[2]	$ 36	$ 584
Total derivative contracts assets[2]	$ 36	$ 584
Fair value of derivative instruments current liabilities[2][3]	$ (29,499)	$ (32,111)
Fair value of derivative instruments non-current liabilities[2]	(32,620)	(27,724)
Total derivative contracts liabilities[2][3]	$ (62,119)	$ (59,835)

(1) Fair value measurements at reporting date were made using significant other observable inputs (level 2).

(2) Derivative contracts represent interest rate swaps.

(3) Derivative contracts include commodity hedges.

The Company s hedging activities for the quarters ended March 31, 2015 and 2014 and the related location within the consolidated condensed statements of operations were as follows ($ in thousands):

Financial Statement Account		Derivatives Not Designated as Hedging Instruments Amount of Loss Recognized in Consolidated Condensed Statements of Operations for the Quarter Ended March 31, 2015	2014
Interest expense	Interest rate cap	$	$ (1)
Interest expense	Interest rate swaps[(1)]	(12,919)	(5,332)
Cost of product sales	Commodity swaps	(18)	
Total		$ (12,937)	$ (5,333)

(1) Interest expense for the quarter ended March 31, 2014 includes $5.1 million of derivative losses and $239,000 for amounts reclassified from accumulated other comprehensive loss for the interest rate swap contracts.

All of the Company s derivative instruments are collateralized by the assets of the respective businesses.

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MACQUARIE INFRASTRUCTURE COMPANY LLC

NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS (Unaudited)

9. Members Equity

LLC Interests, or Shares

The Company is authorized to issue 500,000,000 shares. Each outstanding share of the Company is entitled to one vote on any matter with respect to which holders of shares are entitled to vote.

MIC Direct

The Company maintains a dividend reinvestment/direct stock purchase program, named MIC Direct , that allows for the issuance of up to 1.0 million additional shares to participants in this program. At March 31, 2015, 993,501 shares remained unissued under MIC Direct. The Company may also choose to fill requests for reinvestment of dividends or share purchases through MIC Direct via open market purchases.

Equity Offerings

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 shares and debt securities in one or more future offerings.

On July 15, 2014, the Company completed an underwritten public offering of 10,000,000 shares pursuant to the shelf and an additional 1,500,000 shares pursuant to the exercise of the underwriters over-allotment option. The Company received proceeds from the offering of $739.2 million, net of underwriting fees and expenses, which were used to partially fund the acquisition of the remaining 50% interest of IMTT that it did not previously own (IMTT Acquisition) and for general corporate purposes.

On March 2, 2015, the Company completed an underwritten public offering of 5,312,500 shares pursuant to the shelf. On March 12, 2015, an additional 796,875 shares were offered pursuant to the exercise of the underwriters over-allotment option. The proceeds from the offering of $471.6 million, net of underwriting fees and expenses, were partially used to fund the acquisition of BEC on April 1, 2015 and for general corporate purposes.

Accumulated Other Comprehensive Loss

The following represents the changes and balances to the components of accumulated other comprehensive loss for the quarters ended March 31, 2015 and 2014 ($ in thousands):

	Cash Flow Hedges, net of taxes[(1)]	Post-Retirement Benefit Plans, net of taxes	Translation Adjustment, net of taxes[(2)]	Total Accumulated Other Comprehensive Loss, net of taxes	Noncontrolling Interests	Total Members Accumulated Other Comprehensive Loss, net of taxes
Balance at December 31, 2013	$(636)	$(8,021)	$(46)	$(8,703)	$258	$(8,445)
Reclassification of realized losses of derivatives into earnings	150			150	(72)	78
Translation adjustment			(285)	(285)		(285)
Balance at March 31, 2014	$(486)	$(8,021)	$(331)	$(8,838)	$186	$(8,652)
Balance at December 31, 2014	$	$(18,837)	$(4,859)	$(23,696)	$2,146	$(21,550)
Translation adjustment			(4,051)	(4,051)	1,626	(2,425)
Balance at March 31, 2015	$	$(18,837)	$(8,910)	$(27,747)	$3,772	$(23,975)

(1) Reclassification of realized losses of derivatives is composed of (i) pre-tax derivative losses into interest expense of $239,000 and the related tax benefit of $95,000 in the consolidated condensed statement of operations; and (ii) pre-tax derivative losses of $10,000 as an adjustment to investment in unconsolidated business and an adjustment to deferred taxes of $4,000 in the consolidated condensed balance sheet for the quarter ended March 31, 2014.

(2) Translation adjustment is presented net of taxes of $1.7 million and $154,000 for the quarters ended March 31, 2015 and 2014, respectively.

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MACQUARIE INFRASTRUCTURE COMPANY LLC

NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS (Unaudited)

10. Reportable Segments

At March 31, 2015, the Company s businesses consist of four reportable segments: IMTT, Atlantic Aviation, CP&E and Hawaii Gas. Prior to July 16, 2014, the Company had a 50% investment in IMTT, which was accounted for under the equity method of accounting. Effective July 16, 2014, the date of the IMTT Acquisition, the Company consolidated the financial results of IMTT and IMTT became a reportable segment.

For the quarter ended March 31, 2014, the results of IMTT have been accounted for under the equity method of accounting. The Company recorded equity in earnings and amortization charges of investee of $14.3 million for the quarter ended March 31, 2014. This comprises the Company s 50% share of IMTT s net income offset by step-up depreciation and amortization charges in connection with the initial 50% investment in IMTT in May 2006.

The unaudited pro forma selected consolidated financial data set forth below gives effect to the IMTT Acquisition as if it had occurred as of January 1, 2014. The pro forma adjustments give effect to the IMTT Acquisition based upon the acquisition method of accounting in accordance with U.S. GAAP. The selected unaudited pro forma consolidated financial data is presented for illustrative purposes only and is not necessarily indicative of the results of operations of future periods or results of operations that actually would have been realized had the Company and IMTT been consolidated during the period presented ($ in thousands):

	Quarter Ended March 31, 2014
Revenue	$ 424,273
Net income attributable to MIC LLC[(1)]	33,313

(1) The tax rate used to calculate net income attributable to MIC LLC was 35.0%.

Financial information for IMTT s business as a whole for the quarter ended March 31, 2014, prior to the IMTT Acquisition, is presented below ($ in thousands):

	As of, and for the Quarter Ended March 31, 2014[(1)]
Revenue	$ 148,078

Net income	$ 30,981
Interest expense, net	7,133
Provision for income taxes	21,102
Depreciation and amortization	18,274
Other non-cash expense	1,983
EBITDA excluding non-cash items[2]	$ 79,473
Capital expenditures paid	29,621
Property, equipment, land and leasehold improvements, net	1,275,656
Total assets	1,387,624

(1) Amounts represents financial position of IMTT business prior to July 16, 2014, the date of the IMTT Acquisition.
(2) EBITDA consists of earnings before interest, taxes, depreciation and amortization. Non-cash items that are excluded consist of impairments, derivative gains and losses and all other non-cash income and expense items.

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MACQUARIE INFRASTRUCTURE COMPANY LLC

NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS (Unaudited)

10. Reportable Segments (continued)

IMTT

IMTT provides bulk liquid terminal and handling services in North America through ten terminals located on the East, West, Gulf Coasts and the Great Lakes region of the United States and partially owned terminals in Quebec and Newfoundland, Canada. IMTT derives the majority of its revenue from storage and handling of petroleum products, various chemicals, renewable fuels, and vegetable and animal oils. Based on storage capacity, IMTT operates one of the larger third-party bulk liquid terminals businesses in the United States. Revenue from IMTT segment is included in service revenue.

Atlantic Aviation

The Atlantic Aviation business segment derives the majority of its revenues from fuel delivery services and from other airport services, including de-icing and aircraft hangarage. All of the revenue of Atlantic Aviation is generated at airports in the U.S., of which the Company currently operates 69. Revenue from Atlantic Aviation is included in service revenue.

CP&E

The CP&E business segment derives revenue from the contracted power generation, comprised of both solar and wind power generation facilities, and, through the date it was sold, the district energy business. Revenues from the solar and wind power generation facilities are included in product revenue and prior to August 21, 2014, the district energy business recorded revenues in service revenue and financing and equipment lease income. As of March 31, 2015, the Company has invested in five utility-scale solar photovoltaic power generation facilities and two wind power generation facilities located in the United States. These facilities have an aggregate generating capacity of 260 megawatts of wholesale electricity to utilities. These facilities sell substantially all of the electricity generated, subject to agreed upon pricing formulas, to electric utilities pursuant to long-term (typically 20 25 years) PPAs.

The contracted power generation businesses are held in LLCs, treated as partnerships for income tax purposes, with co-investors. The acquisition price on these projects can vary depending on, among other things, factors such as the size of the project, PPA contract terms, eligibility for tax incentives, debt package, operating cost structure and development stage. A completed project takes out all of the construction risk, testing and costs associated with construction contracts.

The Company has certain rights to make decisions over the management and operations of the five solar power generation facilities and the two wind power generation facilities located in the U.S. The Company has determined that it is appropriate to consolidate these projects, with the co-investors interest reflected as noncontrolling interest in the consolidated condensed financial statements.

Hawaii Gas

Revenue from Hawaii Gas is included in product revenue. Revenue is generated from the distribution and sales of synthetic natural gas (SNG) and liquefied petroleum gas (LPG). Revenue is primarily a function of the volume of SNG and LPG consumed by customers and the price per thermal unit or gallon charged to customers. Because both SNG and LPG are derived from petroleum, revenue levels, without organic growth, will generally track global oil prices.

All of the business segments are managed separately and management has chosen to organize the Company around the distinct products and services offered.

Selected information by segment is presented in the following tables. The tables include financial data of IMTT for the quarter ended March 31, 2015 but do not include financial data of the Company s equity investment in IMTT for the quarter ended March 31, 2014.

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MACQUARIE INFRASTRUCTURE COMPANY LLC

NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS (Unaudited)

10. Reportable Segments (continued)

Revenue from external customers for the Company s consolidated reportable segments was as follows ($ in thousands):

	Quarter Ended March 31, 2015				
	IMTT	Atlantic Aviation	Contracted Power and Energy	Hawaii Gas	Total Reportable Segments
Service revenue	$ 138,061	$ 187,941	$	$	$ 326,002
Product revenue			11,832	60,664	72,496
Total revenue	$ 138,061	$ 187,941	$ 11,832	$ 60,664	$ 398,498

	Quarter Ended March 31, 2014			
	Atlantic Aviation	Contracted Power and Energy	Hawaii Gas	Total Reportable Segments
Service revenue	$ 193,961	$ 8,478	$	$ 202,439
Product revenue		3,658	69,351	73,009
Financing and equipment lease income		747		747
Total revenue	$ 193,961	$ 12,883	$ 69,351	$ 276,195

In accordance with FASB ASC 280 *Segment Reporting*, the Company has disclosed earnings before interest, taxes, depreciation and amortization (EBITDA) excluding non-cash items as a key performance metric relied on by management in the evaluation of the Company s performance. Non-cash items include impairments, base management and performance fees, if any, derivative gains and losses and adjustments for other non-cash items reflected in the statements of operations. The Company believes EBITDA excluding non-cash items provides additional insight into the performance of the operating businesses relative to each other and similar businesses without regard to their capital structure, and their ability to service or reduce debt, fund capital expenditures and/or support distributions to the holding company. EBITDA excluding non-cash items is reconciled to net income or loss.

EBITDA excluding non-cash items for the Company s consolidated reportable segments is shown in the tables below ($ in thousands). Allocations of corporate expenses, intercompany fees and the tax effect have been excluded as they are eliminated on consolidation.

	Quarter Ended March 31, 2015				
	IMTT	Atlantic Aviation	Contracted Power and Energy	Hawaii Gas	Total Reportable Segments
Net income (loss)	$ 20,274	$ (1,627)	$ (3,539)	$ 8,855	$ 23,963
Interest expense, net	6,906	13,085	6,338	1,943	28,272
Provision (benefit) for income taxes	14,089	(15,639)	(818)	5,532	3,164
Depreciation	33,115	14,999	7,266	2,042	57,422
Amortization of intangibles	2,764	44,716	179	312	47,971
Loss on disposal of assets		453			453
Other non-cash expense (income)	1,256	272	(2,941)	(1,830)	(3,243)
EBITDA excluding non-cash items	$ 78,404	$ 56,259	$ 6,485	$ 16,854	$ 158,002

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MACQUARIE INFRASTRUCTURE COMPANY LLC

NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS (Unaudited)

10. Reportable Segments (continued)

	Quarter Ended March 31, 2014			
	Atlantic Aviation	Contracted Power and Energy	Hawaii Gas	Total Reportable Segments
Net income (loss)	$ 10,555	$ (1,415)	$ 6,195	$ 15,335
Interest expense, net	9,565	2,645	1,787	13,997
Provision for income taxes	4,915	599	4,027	9,541
Depreciation[(1)]	6,802	5,110	1,946	13,858
Amortization of intangibles	8,131	322	312	8,765
Other non-cash expense (income)	68	(765)	724	27
EBITDA excluding non-cash items	$ 40,036	$ 6,496	$ 14,991	$ 61,523

(1) Depreciation includes depreciation expense for the district energy business, a component of the CP&E segment prior to the Company s divestiture of the business on August 21, 2014, which was reported in cost of services in the consolidated condensed statements of operations.

Reconciliation of total reportable segments EBITDA excluding non-cash items to consolidated net (loss) income before income taxes are as follows ($ in thousands):

	Quarter Ended March 31,	
	2015	2014
Total reportable segments EBITDA excluding non-cash items[(1)]	$ 158,002	$ 61,523
Interest income	6	64
Interest expense	(31,521)	(14,011)
Depreciation[(2)]	(57,422)	(13,858)
Amortization of intangibles	(47,971)	(8,765)
Loss on disposal of assets	(453)	
Selling, general and administrative corporate	(2,946)	(1,046)
Fees to manager-related party	(165,273)	(8,994)
Equity in earnings and amortization charges of investee[(1)]		14,287
Other income (expense), net	1,730	(554)
Total consolidated net (loss) income before income taxes	$ (145,848)	$ 28,646

(1) For the quarter ended March 31, 2015, total reportable segments EBITDA excluding non-cash items includes the results of IMTT s EBITDA excluding non-cash items. Prior to July 16, 2014, the date of the IMTT Acquisition, MIC accounted for its 50% investment in IMTT under the equity method of accounting. As such, MIC s 50% share of IMTT s net income was reported in equity in earnings and amortization charges of investee in the above table for the quarter ended March 31, 2014.

(2) Depreciation includes depreciation expense for the district energy business, a component of the CP&E segment prior to the Company s divestiture of the business on August 21, 2014, which was reported in cost of services in the consolidated condensed statements of operations.

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MACQUARIE INFRASTRUCTURE COMPANY LLC

NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS (Unaudited)

10. Reportable Segments (continued)

Capital expenditures for the Company s reportable segments were as follows ($ in thousands):

	Quarter Ended March 31,	
	2015	2014
IMTT	$ 11,869	$
Atlantic Aviation	8,223	8,725
Contracted Power and Energy		9,323
Hawaii Gas	5,389	3,565
Total	$ 25,481	$ 21,613

Property, equipment, land and leasehold improvements, goodwill and total assets for the Company s reportable segments as of March 31st were as follows ($ in thousands):

	Property, Equipment, Land and Leasehold Improvements		Goodwill		Total Assets	
	2015	2014	2015	2014	2015	2014
IMTT	$2,238,946	$	$1,411,629	$	$4,033,375	$
Atlantic Aviation	329,422	284,099	460,920	376,204	1,511,233	1,381,448
Contracted Power and Energy	562,007	384,704		17,946	600,124	487,203
Hawaii Gas	201,162	185,884	120,193	120,193	382,486	400,040
Total	$3,331,537	$854,687	$1,992,742	$514,343	$6,527,218	$2,268,691

Reconciliation of reportable segments total assets to consolidated total assets ($ in thousands):

	As of March 31,	
	2015	2014
Total assets of reportable segments	$ 6,527,218	$ 2,268,691
Investment in unconsolidated business		89,434
Corporate and other	57,554	102,513
Total consolidated assets	$ 6,584,772	$ 2,460,638

11. Related Party Transactions

Management Services

At March 31, 2015 and December 31, 2014, the Manager held 4,879,020 shares and 4,667,105 shares, respectively, of the Company. Pursuant to the terms of the management services agreement, or Management Agreement, the Manager may sell these shares at any time. Under the Management Agreement, the Manager, at its option, may reinvest performance fees and base management fees in shares of the Company.

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MACQUARIE INFRASTRUCTURE COMPANY LLC

NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS (Unaudited)

11. Related Party Transactions (continued)

Since January 1, 2014, the Company paid the Manager cash dividends on shares held for the following periods:

Declared	Period Covered	$ per Share	Record Date	Payable Date	Cash Paid to Manager (in thousands)
April 30, 2015	First quarter 2015	$1.07	May 14, 2015	May 19, 2015	$ [(1)]
February 17, 2015	Fourth quarter 2014	$1.02	March 2, 2015	March 5, 2015	$ 4,905
October 27, 2014	Third quarter 2014	$0.98	November 10, 2014	November 13, 2014	$ 4,438
July 3, 2014	Second quarter 2014	$0.95	August 11, 2014	August 14, 2014	$ 3,402
April 28, 2014	First quarter 2014	$0.9375	May 12, 2014	May 15, 2014	$ 3,180
February 18, 2014	Fourth quarter 2013	$0.9125	March 3, 2014	March 6, 2014	$ 2,945

(1) The amount of dividend payable to the Manager for the first quarter of 2015 will be determined on May 14, 2015, the record date.

Under the Management Agreement, the Manager manages the Company s day-to-day operations and oversees the management teams of the Company s operating businesses. In addition, the Manager has the right to appoint the Chairman of the Board of the Company and an alternate, subject to minimum equity ownership, and to assign, or second, to the Company, two of its employees to serve as chief executive officer and chief financial officer of the Company and seconds or makes other personnel available as required.

In accordance with the Management Agreement, the Manager is entitled to a monthly base management fee based primarily on the Company s market capitalization, and potentially a quarterly performance fee, based on the performance of the Company s stock relative to a U.S. utilities index. For the quarters ended March 31, 2015 and 2014, the Company incurred base management fees of $16.5 million and $9.0 million, respectively. In addition, for the quarter ended March 31, 2015, the Company incurred a performance fee of $148.7 million. For the quarter ended March 31, 2014, the Manager did not earn a performance fee.

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 condensed balance sheets. The following table shows the Manager s election to reinvest its base management fees and performance fees, if any, in additional shares, except as noted:

Period	Base Management Fee Amount ($ in thousands)	Performance Fee Amount ($ in thousands)	Shares Issued
2015 Activities:			
First quarter 2015	$ 16,545	$ 148,728	2,068,038 (1)
2014 Activities:			
Fourth quarter 2014	$ 14,192	$	208,122
Third quarter 2014	13,915	116,586	947,583 (2)
Second quarter 2014	9,535	4,960	243,329
First quarter 2014	8,994		164,546

(1) The Manager elected to reinvest the first quarter of 2015 base management fees and performance fee in shares. The Company issued 2,068,038 shares, of which 1,925,894 shares were issued in April 2015 for the March 2015 base management fee and the performance fee for the quarter ended March 31, 2015.

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MACQUARIE INFRASTRUCTURE COMPANY LLC

NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS (Unaudited)

11. Related Party Transactions (continued)

(2) In October 2014, the Board requested, and the Manager agreed, that $65.0 million of the performance fee be settled in cash using the proceeds from the sale of the district energy business in order to minimize dilution. The remainder of the fee of $51.6 million was reinvested in additional shares of MIC.

The Manager is not entitled to any other compensation and all costs incurred by the Manager, including compensation of seconded staff, are paid by the Manager out of its base management fee. However, the Company is responsible for other direct costs including, but not limited to, expenses incurred in the administration or management of the Company and its subsidiaries, income taxes, audit and legal fees, acquisitions and dispositions and its compliance with applicable laws and regulations. During the quarters ended March 31, 2015 and 2014, the Manager charged the Company $88,000 and $72,000, respectively, for reimbursement of out-of-pocket expenses. The unpaid portion of the out-of-pocket expenses at the end of the reporting period is included in due to manager-related party in the consolidated condensed balance sheets.

Other Services

The Company utilizes the resources of the Macquarie Group with respect to a range of advisory, procurement, insurance, hedging, lending and other services. Engagements involving members of the Macquarie Group are reviewed and approved by the Audit Committee of the Company s Board of Directors. Macquarie Group affiliates are engaged on an arm s length basis and frequently as a member of syndicate of providers whose other members establish the terms of the interaction.

Advisory Services

The Macquarie Group, and wholly-owned subsidiaries within the Macquarie Group, including Macquarie Bank Limited, or MBL, and Macquarie Capital (USA) Inc., or MCUSA, have provided various advisory and other services and incurred expenses in connection with the Company s equity raising activities, acquisitions and debt structuring for the Company and its businesses. Underwriting fees are recorded in members equity as a direct cost of equity offerings. Advisory fees and out-of-pocket expenses relating to acquisitions are expensed as incurred. Debt arranging fees are deferred and amortized over the term of the credit facility.

The district energy business credit facility was scheduled to mature in September 2014. The Company engaged MCUSA to assist in identifying and analyzing various alternatives for paying these obligations prior to maturity and obtaining other credit facilities. In August 2014, the Company paid $1.6 million to MCUSA for such services upon closing of the sale of district energy business.

In March 2015 and July 2014, the Company completed underwritten public offerings of 6,109,375 shares and 11,500,000 shares. In both offerings, MCUSA served as a joint book-running manager and an underwriter and received $2.3 million and $3.0 million, respectively, from the Company for such services.

In July 2014, the Company also completed underwritten public offering of $350.0 million aggregate principal amount of convertible senior notes. MCUSA served as a joint book-running manager and an underwriter and received $1.1 million from the Company for such services.

On January 22, 2014, Atlantic Aviation entered into an incremental $100.0 million term loan facility under the AA Credit Agreement. The Company engaged MCUSA as Joint Bookrunner and paid $16,000 in fees during January 2014.

In December 2013, Atlantic Aviation entered into an equity bridge loan for $70.0 million, of which $35.0 million was provided by MIHI LLC, an entity within the Macquarie Group. The Company engaged MCUSA as Joint Bookrunner and Joint Lead Arranger. This equity bridge loan was never drawn by the business and subsequently cancelled. During the quarter ended March 31, 2014, Atlantic Aviation incurred and paid $88,000 in commitment fees to MCUSA related to this equity bridge loan.

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MACQUARIE INFRASTRUCTURE COMPANY LLC

NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS (Unaudited)

11. Related Party Transactions (continued)

Long-Term Debt

Atlantic Aviation s $70.0 million revolving credit facility is provided by various financial institutions, including MBL which provides $15.7 million. At March 31, 2015 and December 31, 2014, the revolving credit facility remained undrawn. For the quarters ended March 31, 2015 and 2014, Atlantic Aviation incurred $28,000 and $26,000, respectively, in commitment fees related to MBL s portion of the revolving credit facility.

In July 2014, the Company entered into a credit agreement at the holding company that provides a five-year, $250.0 million senior secured first lien revolving credit facility, of which $50.0 million is committed by MIHI LLC. Upon closing, the Company paid MIHI LLC $250,000 in fees. For the quarter ended March 31, 2015, the Company incurred and paid $34,000 in commitment fees related to MIHI LLC s portion of the revolving credit facility. At December 31, 2014, $36,000 was included in accounts payable in the consolidated condensed balance sheet.

Other Transactions

Macquarie, through the Macquarie Insurance Facility (MIF), has an aggregated insurance buying program. By combining the insurance premiums of Macquarie owned and managed funds, MIF has been able to deliver very competitive terms to businesses that participate in the facility. MIF earns a commission from the insurers. No payments were made to MIF by the Company during the quarters ended March 31, 2015 and 2014. In February 2015, the Company renewed its Directors and Officers liability insurance utilizing several of the MIF insurers.

IMTT, Atlantic Aviation, CP&E and Hawaii Gas purchase and renew property and casualty insurance coverage on an ongoing basis from insurance underwriters who then pay commissions to MIF. For the quarters ended March 31, 2015 and 2014, no payments were made directly to MIF for property and casualty insurance.

During the first quarter of 2015, Macquarie Capital Markets Canada Ltd, an indirect subsidiary of Macquarie Group Limited, used Atlantic Aviation s charter jet business and incurred $18,000 for this service. At March 31, 2015, Atlantic Aviation recorded this amount in accounts receivable in the consolidated condensed balance sheet.

In July 2014, in connection with the acquisition of the remaining interest of IMTT, the Company purchased insurance from an insurance underwriter who then paid commission to MIF. No payments were made directly to MIF for representations and warranties insurance.

Atlantic Aviation entered into a copiers lease agreement with Macquarie Equipment Finance (MEF), an indirect subsidiary of Macquarie Group Limited. For the quarters ended March 31, 2015 and 2014, Atlantic Aviation incurred

$2,000 and $6,000, respectively, in lease expense on these copiers. As of March 31, 2015, the contract with MEF expired and there were no amounts due to MEF.

Hawaii Gas entered into licensing agreements with Utility Service Partners, Inc. and America s Water Heater Rentals, LLC, both indirect subsidiaries of Macquarie Group Limited, to enable these entities to offer products and services to Hawaii Gas s customer base. No payments were made under these arrangements during the quarters ended March 31, 2015 and 2014.

In addition, the Company and several of its subsidiaries have entered into a licensing agreement with the Macquarie Group related to the use of the Macquarie name and trademark. The Macquarie Group does not charge the Company any fees for this license.

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MACQUARIE INFRASTRUCTURE COMPANY LLC

NOTES TO CONSOLIDATED CONDENSED FINANCIAL STATEMENTS (Unaudited)

12. Income Taxes

The Company expects to incur federal consolidated taxable income for the year ending December 31, 2015, which will be fully offset by the Company s net operating loss (NOL) carryforwards. The Company believes that it will be able to utilize all of its federal prior year NOLs, which will begin to expire after 2021 and completely expire after 2034. During the quarter ended March 31, 2015, the Company recorded an increase of approximately $600,000 to the valuation allowance attributable to certain state NOLs.

13. Legal Proceedings and Contingencies

The subsidiaries of MIC Inc. are subject to legal proceedings arising in the ordinary course of business. In management s opinion, the Company has adequate legal defenses and/or insurance coverage with respect to the eventuality of such actions, and does not believe the outcome of any pending legal proceedings will be material to the Company s financial position or result of operations.

14. Subsequent Events

MIC Revolving Credit Facility

On May 1, 2015, MIC increased the size of its revolving credit facility from $250.0 million to $360.0 million with all terms remaining the same. The facility had $155.0 million drawn and $205.0 million undrawn at May 4, 2015.

Dividend

On April 30, 2015, the Board of Directors declared a dividend of $1.07 per share for the quarter ended March 31, 2015, which is expected to be paid on May 19, 2015 to holders of record on May 14, 2015.

CP&E BEC Acquisition

On April 1, 2015, the Company completed the acquisition of a 100% interest in BEC for a purchase price of $724.3 million (subject to post-closing working capital adjustments), which consists of $215.2 million in cash and the assumption of $509.1 million of debt, excluding transaction costs. The Company funded the cash consideration for the acquisition by drawing on the MIC Corporate senior secured revolving credit facility and using cash on hand from the March 2015 equity offering. BEC is a 512 megawatt natural gas-fired power generating facility located in Bayonne, New Jersey, adjacent to IMTT s Bayonne facility. BEC has tolling agreements with a creditworthy off-taker for 62.5% of its energy generating capacity to the New York City power market via a dedicated transmission cable under New

York Harbor. The tolling agreements have a weighted average remaining life of approximately 13 years.

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PART II

OTHER INFORMATION

Item 1. Legal Proceedings

There have been no changes to legal proceedings set forth under Part I, Item 3 of our Annual Report on Form 10-K for the fiscal year ended December 31, 2014, filed with the SEC on February 18, 2015.

Item 1A. Risk Factors

There have been no material changes to the risk factors set forth under Part I, Item 1A of our Annual Report on Form 10-K for the fiscal year ended December 31, 2014, filed with the SEC on February 18, 2015, except for the following:

Risk Related to the Conversion

If the Conversion is consummated, the benefits expected to be obtained from the Conversion may not be achieved.

If the Conversion is consummated, the benefits expected to be obtained from the Conversion may not be achieved. For example, the Conversion may not result in our inclusion in certain stock market indices, such as the S&P indices and the Russell indices that we may be eligible for as a corporation following the Conversion. Inclusion in such indices may not result in an increased demand for our securities, and we may not have greater access to capital. The Conversion also may not increase our ability to retain our current directors or attract and retain new directors.

The Conversion may not be consummated on a timely basis or at all. Failure to consummate the Conversion could negatively impact the market price of the shares and our future business and financial results.

We cannot assure you that the Conversion will be approved by our shareholders or that the other conditions to the consummation of the Conversion will be satisfied or waived. If the Conversion is not consummated, we will not receive any of the expected benefits of the Conversion and will be subject to risks and/or liabilities, including the following:

- failure to consummate the Conversion might be followed by a decline in the market price of our shares;
- certain costs relating to the Conversion (such as legal and accounting fees) will be payable by us regardless of whether the Conversion is consummated; and
- the proposed Conversion may disrupt our business and distract our management and employees from day-to-day operations, because work related to the Conversion requires substantial time and resources, which could otherwise have been devoted to other business opportunities for our benefit.

The rights of holders of our shares who become holders of common stock upon the effective time of the Conversion will be governed by our new certificate of incorporation and bylaws, and certain rights of holders of common stock may be less favorable than those rights granted to holders of our shares pursuant to our current operating agreement.

Holders of our shares who receive common stock in the Conversion will become subject to the General Corporation Law of the State of Delaware, and will be governed by our certificate of incorporation and bylaws, rather than our current operating agreement. As a result, there will be differences between the current rights of the holders of shares under the operating agreement, as compared to the rights they will have as holders of common stock under the certificate of incorporation and the bylaws, and certain rights of holders of common stock may be less favorable than those rights granted to holders of our shares. For example, the certificate of incorporation states that the Court of Chancery of the State of Delaware will be the sole and exclusive forum to bring derivative claims, fiduciary claims and internal affairs actions.

If the Preferred Stock Proposal is consummated, preferred stock could be issued with rights, preferences and privileges that may be superior to the common stock, and could have other negative consequences to holders of common stock.

If the Conversion and the Preferred Stock Proposal are consummated, shares of preferred stock could be issued in one or more financing transactions. We could also use the authorized preferred stock for potential strategic transactions, including, among other things, acquisitions, strategic partnerships, joint ventures, restructurings, business combinations and investments, although we have no immediate plans to do so. There are no assurances that any such transactions will be consummated on favorable terms or at all, that they will enhance shareholder value, or that they will not adversely affect our business or the trading price of the common stock. Any shares of preferred stock could be issued with rights, preferences and privileges that may be superior to those of the common stock. In addition, preferred stock could be issued for capital raising, financing and acquisition needs or opportunities that have the effect of making an acquisition of our Company more difficult or costly, as could also be the case if the board of directors were to issue additional common stock.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

None.

Item 3. Defaults Upon Senior Securities

None.

Item 4. Mine Safety Disclosures

Not Applicable.

Item 5. Other Information

None.

Item 6. Exhibits

An exhibit index has been filed as part of this Report on page E-1 and is incorporated herein by reference.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

	MACQUARIE INFRASTRUCTURE COMPANY LLC (Registrant)
	By:
Dated: May 4, 2015	/s/ James Hooke
	Name: James Hooke Title: Chief Executive Officer
	By:
Dated: May 4, 2015	/s/ Todd Weintraub
	Name: Todd Weintraub Title: Chief Financial Officer

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EXHIBIT INDEX

Number	Description
3.1	Third Amended and Restated Operating Agreement of Macquarie Infrastructure Company LLC (incorporated by reference to Exhibit 3.1 of the Registrant s Current Report on Form 8-K filed with the SEC on June 22, 2007)
3.2	Amended and Restated Certificate of Formation of Macquarie Infrastructure Assets LLC (incorporated by reference to Exhibit 3.8 of Amendment No. 2 to the Registrant s Registration Statement on Form S-1 (Registration No. 333-116244))
31.1*	Rule 13a-14(a)/15d-14(a) Certification of the Chief Executive Officer
31.2*	Rule 13a-14(a)/15d-14(a) Certification of the Chief Financial Officer
32.1**	Section 1350 Certification of Chief Executive Officer
32.2**	Section 1350 Certification of Chief Financial Officer
101.0*	The following materials from the Quarterly Report on Form 10-Q of Macquarie Infrastructure Company LLC for the quarter ended March 31, 2015, filed on May 4, 2015, formatted in Extensible Business Reporting Language (XBRL): (i) the Consolidated Condensed Balance Sheets as of March 31, 2015 (Unaudited) and December 31, 2014, (ii) the Consolidated Condensed Statements of Operations for the quarters ended March 31, 2015 and 2014 (Unaudited), (iii) the Consolidated Condensed Statements of Comprehensive (Loss) Income for the quarters ended March 31, 2015 and 2014 (Unaudited), (iv) the Consolidated Condensed Statements of Cash Flows for the quarters ended March 31, 2015 and 2014 (Unaudited) and (v) the Notes to Consolidated Condensed Financial Statements (Unaudited).

*	Filed herewith.
**	Furnished herewith.

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