# MACQUARIE POWER & INFRASTRUCTURE INCOME FUND

Supplementary Financial Information
For the Quarter and Year Ended
December 31, 2009

Macquarie Power & Infrastructure Income Fund ("MPT" or the "Fund") is not a trust company and is not registered under applicable legislation governing trust companies, as it does not carry on or intend to carry on the business of a trust company. The units are not "deposits" within the meaning of the *Canada Deposit Insurance Corporation Act* and are not insured under the provisions of that act or any other legislation.

Macquarie Power Management Ltd. ("MPML" or the "Manager") is the manager of the Fund and is an indirect, wholly owned subsidiary of Macquarie Group Limited, an Australian public company listed on the Australian Securities Exchange.

None of the entities noted in this supplementary financial information report is an authorized deposit-taking institution for the purposes of the Banking Act 1959 (Commonwealth of Australia). The obligations of these entities do not represent deposits or other liabilities of Macquarie Bank Limited ABN 46 008 583 542. Macquarie Bank Limited does not guarantee or otherwise provide assurance in respect of the obligations of these entities.

This report is not an offer or invitation for subscription or purchase of or a recommendation of securities. It does not take into account the investment objectives, financial situation and particular needs of the investor. Before making an investment in the Fund, the investor or prospective investor should consider whether such investment is appropriate to their particular needs, objectives and financial circumstances and consult an investment advisor if necessary.

MPML, as the manager of the Fund, is entitled to certain fees for so acting. Macquarie Group Limited and its related companies, together with their officers and directors, may hold units in the Fund from time to time.

# MACQUARIE POWER & INFRASTRUCTURE INCOME FUND

## SUPPLEMENTARY FINANCIAL INFORMATION

FOR THE QUARTER AND YEAR ENDED
DECEMBER 31, 2009

This report for Macquarie Power & Infrastructure Income Fund ("MPT" or the "Fund") summarizes the consolidated operating results and cash flows for the quarter and year ended December 31, 2009 and the Fund's financial position as at that date. This supplementary financial information report should be read in conjunction with the audited consolidated financial statements of the Fund and accompanying notes as at and for the year ended December 31, 2008. Additional information about the Fund, including its Annual Information Form dated March 27, 2009, quarterly reports and other public releases, is available at www.sedar.com.

The information contained in this report reflects all material events up to March 2, 2010, the date on which this report was approved by the Fund's Board of Trustees.

### NON-GAAP MEASURES

While the consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles ("GAAP"), this report also contains figures that are not performance measures as defined by GAAP. For instance, the Fund measures distributable cash, payout ratio and contribution margin to assess the financial performance of the Fund's operations. Please see Distributable Cash and Payout Ratio and Contribution Margin for additional information and a reconciliation of these non-GAAP figures with the most comparable GAAP measures.

### CAUTION REGARDING FORWARD-LOOKING INFORMATION

Certain statements in the following report may constitute "forward-looking" statements, which involve known and unknown risks, uncertainties and other factors that may cause the actual results to be materially different from any future results expressed or implied by such forward-looking statements. When used in the following report, such statements use such words as "may", "will", "expect", "believe", "plan" and other similar terminology. Forward-looking statements involve significant risks and uncertainties, should not be read as guarantees of future performance or results and will not necessarily be accurate indications of whether or not such results will be achieved. The forward-looking statements contained in the following report are based on information currently available and what the Fund currently believes are reasonable assumptions, including the material assumptions for each of the Fund's assets set out in the Fund's 2008 Annual Report under the heading "Outlook" on pages 23 to 24, as updated in subsequently filed quarterly Financial Reports of the Fund. However, the Fund cannot assure investors that actual results will be consistent with these forward-looking statements. These forward-looking statements are made as of the date of this report, and, except as required by law, the Fund does not undertake any obligation to update publicly or to revise any of the included forward-looking statements, whether as a result of new information, future events or otherwise. The Fund cautions readers not to place undue reliance on any forward-looking statements contained in the following report. The forward-looking statements contained in the following report are expressly qualified by this cautionary statement.

The forward-looking information contained in the following report is presented for the purposes of assisting investors and analysts in understanding the Fund's financial position and our stated priorities and objectives may not be appropriate for other purposes. The Fund cautions readers not to place undue reliance on any forward-looking statements, which speak only as of the date made. A number of factors could cause actual results to differ materially from the results discussed in the forward-looking statements, including, but not limited to, risks associated with: the operational performance of the Fund's assets; power purchase agreements; fuel costs, supply and transportation; default under credit agreements; regulatory regime and permits; land tenure and related rights; government regulation and funding; the ability to complete future acquisitions; LTC home ownership and operation; minority ownership interest in Leisureworld; reliance on key personnel; default under Leisureworld's long-term debt and credit facility; labour relations and cost; the variability of distributions; unitholder liability; dependence on Macquarie Power Management Ltd., the manager of the Fund, and potential conflicts of interest; insurance; and risks related to the environmental, health and safety regimes within which the Fund's assets operate. The risks and uncertainties described above are not exhaustive and other events and risk factors, including risk factors disclosed in Fund's filings with Canadian securities regulatory authorities, could cause actual results to differ materially from the results discussed in the forward-looking statements.

## CONSOLIDATION AND COMPARISON OF OPERATING RESULTS

The following discussion and analysis compares the actual results of the Fund for the quarter and year ended December 31, 2009 with the results for the quarter and year ended December 31, 2008. All amounts have been expressed in thousands of Canadian dollars unless otherwise stated.

### Selected Consolidated Financial and Operating Information of the Fund

| ($000s except for trust units and per trust unit amounts) | Quarter ended December 31, 2009 | Quarter ended December 31, 2008 | Year ended December 31, 2009 | Year ended December 31, 2008 |
|---|---|---|---|---|
| Revenue | 42,795 | 42,190 | 148,384 | 153,186 |
| | | | | |
| Income before the following: | 11,495 | 8,209 | 21,262 | 26,080 |
| Unrealized gain (loss) on swap contracts | 940 | (4,126) | 4,664 | (4,228) |
| Unrealized gain (loss) on embedded derivative instruments | (3,578) | 3,813 | (4,381) | 9,841 |
| Net interest expense | (4,134) | (3,192) | (15,118) | (12,911) |
| Impairment of goodwill | - | (43,279) | - | (43,279) |
| Equity accounted income (loss) from long-term investments | 1,271 | (364) | 1,842 | 94 |
| Foreign exchange gain (loss) | 6 | (42) | 23 | (54) |
| Loss on debt extinguishment | - | - | (351) | - |
| Gain on sale of capital assets | - | - | - | 10 |
| Income (loss) before income taxes | 6,000 | (38,981) | 7,941 | (24,447) |
| Income taxes recovery (expense) | 5,501 | 2,421 | 3,318 | (2,087) |
| Net income (loss) | 11,501 | (36,560) | 11,259 | (26,534) |
| Basic and diluted net income (loss) per Unit | 0.230 | (0.732) | 0.226 | (0.531) |
| | | | | |
| Cash flows from operating activities | 9,504 | 9,836 | 38,040 | 50,516 |
| Per Unit | 0.190 | 0.197 | 0.762 | 1.011 |
| | | | | |
| Distributable cash (i) | 16,142 | 14,705 | 49,627 | 52,243 |
| Per Unit | 0.323 | 0.294 | 0.994 | 1.046 |
| | | | | |
| Distributions declared to Unitholders | 13,103 | 13,106 | 52,414 | 52,454 |
| Per Unit (ii) | 0.262 | 0.262 | 1.050 | 1.050 |
| | | | | |
| Payout ratio (iii) | 81% | 89% | 106% | 100% |
| | | | | |
| Basic and diluted weighted average number of trust units and Class B exchangeable units outstanding ("Units") | 49,915 | 49,933 | 49,918 | 49,960 |
| | | | | |
| Total assets | 706,597 | 737,387 | 706,597 | 737,387 |
| Total long-term liabilities | 347,139 | 383,516 | 347,139 | 383,516 |
| | | | | |
| Sale of electricity (MWh) (iv) | 555,291 | 545,506 | 2,035,557 | 2,084,376 |
| Sale of steam (klbs) | 174,785 | 186,821 | 693,844 | 719,453 |
| | | | | |
| Average total occupancy | 98.8% | 98.6% | 98.5% | 98.4% |
| Average private occupancy | 97.3% | 94.2% | 95.9% | 92.9% |

(i) See Distributable Cash and Payout Ratio for a reconciliation of distributable cash to cash flows from operating activities for the quarter and year ended December 31, 2009. Distributable cash is not a recognized measure under GAAP and does not have a standardized meaning prescribed by GAAP. Therefore, distributable cash may not be comparable to similar measures presented by other issuers.

(ii) All unitholders were paid distributions equivalent to the amount shown.

(iii) Payout ratio is defined by the Fund as distributions declared as a proportion of distributable cash. Payout ratio is not a recognized measure under GAAP and does not have a standardized meaning prescribed by GAAP. Therefore, it may not be comparable to similar measures presented by other issuers.

(iv) The sale of electricity for the quarter and year ended December 31, 2009 includes full production from Chapais Électrique Limitée ("Chapais") of 51,899 MWh (Q4 2008 – 52,770 MWh) and 220,032 MWh (YTD 2008 – 221,401 MWh), respectively. The Fund accounts for its investment in Chapais using the equity method; therefore, Chapais' operating results do not impact the Fund's revenue for the respective periods.

### Revenue

Revenue for the quarter and year ended December 31, 2009 was $42,795 (Q4 2008 - $42,190) and $148,384 (YTD 2008 - $153,186), respectively. Total power generation for the quarter and year was 555,291 MWh (Q4 2008 – 545,506 MWh) and 2,035,557 MWh (YTD 2008 – 2,084,376 MWh), respectively, reflecting a 1.8% increase for the quarter and a 2.3% decrease for the year.

The increase in revenue and production in the quarter primarily reflected fewer outage hours at Cardinal Power of Canada, LP ("Cardinal") and Whitecourt Power LP ("Whitecourt") as well as higher water flows at the Wawatay and Sechelt hydro power facilities. Additionally, Cardinal benefited from higher power prices as a result of continued increases in the Direct Customer Rate ("DCR"). These factors were partially offset by lower production at Erie Shores Wind Farm LP ("Erie Shores") due to lower wind speeds than in the same period last year.

Revenue for the year was lower than in the prior year, reflecting lower production at each of the power facilities. This was primarily due to major maintenance outages at Whitecourt and Cardinal, lower water flows at the hydro power facilities and lower wind speed and density at Erie Shores in the year. Revenue was also affected by DCR adjustments of $1,257 received from the Ontario Electricity Financial Corporation ("OEFC") in 2008, while in 2009 the Fund paid a net DCR adjustment of $57. The rate that Cardinal receives from the OEFC is escalated annually by the DCR, which represents the fully delivered cost of electricity for industrial customers and includes the cost of the commodity, transmission and all other related charges. Since the final DCR for any given year may not be available until after year end, a provisional DCR is calculated at the beginning of each year and an interim DCR is calculated as of June 30 each year. This results in DCR adjustments in any given year which effectively represents true-up of revenue from the OEFC.

## Income Before the Following

Income before unrealized gains and losses on swap contracts and embedded derivatives, net interest expense, impairment of goodwill, income or loss from equity accounted investments, foreign exchange, loss on debt extinguishment, gain on sale of capital assets and income taxes for the quarter and year ended December 31, 2009 was $11,495 (Q4 2008 – $8,209) and $21,262 (YTD 2008 - $26,080), respectively.

The increase in the quarter reflected higher net operating cash flows from Cardinal, Whitecourt and the hydro power facilities as well as lower administrative expenses, partially offset by lower cash flows from Erie Shores. Operating expenses for the quarter were lower primarily due to lower gas transportation costs at Cardinal and lower general repairs and maintenance costs at Whitecourt. Whitecourt's management fees were also lower as a result of the termination of its operations and maintenance agreement in January 2009. Lower administrative expenses reflected lower business development costs combined with a lower incentive fee. Cost reimbursement expenses were also lower due to a higher portion of the cost reimbursement expenses being capitalized in the quarter compared with the same period last year.

The decrease for the year reflected lower net operating cash flows from each of the power facilities, partially offset by lower administrative expenses. Operating expenses increased as a result of higher major maintenance expenses at Whitecourt due to turbine repairs and at Cardinal as a result of a scheduled hot gas path inspection. These expenses were only partially offset by lower gas transportation costs at Cardinal and lower operations and maintenance management fees at Whitecourt. Administrative expenses for the year were lower primarily due to lower business development expenses and a lower incentive fee. Cost reimbursement expenses also decreased as a result of a higher portion of the cost reimbursement expenses being capitalized in the current year.

The following table summarizes major administrative expense categories for the year.

| ($000s unless otherwise noted) | Quarter ended December 31, 2009 | Quarter ended December 31, 2008 | Year ended December 31, 2009 | Year ended December 31, 2008 |
|---|---|---|---|---|
| Management fees | 450 | 445 | 1,784 | 1,765 |
| Administrative fees | 28 | 27 | 110 | 108 |
| Cost reimbursement (i) | 559 | 1,471 | 2,503 | 3,245 |
| Incentive fees | 737 | 957 | 737 | 1,602 |
| Other administrative expenses | 640 | 1,295 | 2,961 | 4,262 |
| Administrative expenses | 2,414 | 4,195 | 8,095 | 10,982 |

(i) The cost reimbursement expense for the quarter and year ended December 31, 2009 excluded $241 and $469, respectively, of cost reimbursement that has been capitalized to deferred charges and deferred financing fees and included $nil and $50, respectively that was capitalized as deferred charges in the prior year and expensed in the current year. The Manager receives reimbursement for cost of services provided to the Fund in relation to, but not limited to, administration, regulatory, finance, rent and information technology.

## Unrealized Gain (Loss) on Swap Contracts

The fair value of the Fund's swap contracts was recorded on the consolidated statement of financial position as at December 31, 2009. Since these swap contracts are not designated for hedge accounting, the movement in the fair value of these contracts was reflected in the consolidated statement of operations as follows:

| ($000s unless otherwise noted) | Quarter ended December 31, 2009 | Quarter ended December 31, 2008 | Year ended December 31, 2009 | Year ended December 31, 2008 |
|---|---|---|---|---|
| Unrealized gain on gas swap contracts | 236 | 928 | 1,614 | 1,025 |
| Unrealized gain (loss) on interest rate swap contracts | 704 | (5,054) | 3,050 | (5,253) |
| Total unrealized gain (loss) on swap contracts | 940 | (4,126) | 4,664 | (4,228) |

For the quarter and year, the unrealized gain on gas swap contracts reflected lower forward gas prices as well as favourable movements in foreign exchange, partially offset by swap settlements in the respective periods.

During the quarter, the Fund renegotiated its interest rate swap contracts to extend the maturity dates to June 29, 2012 in order to match the maturity of the Fund's new credit facility, which was refinanced in May 2009. Under the amended interest rate swap contracts, the Fund will pay a lower fixed rate, in exchange for the then current three-month floating rate interest on a notional amount of $85,000, until the new maturity date. The unrealized gain on the interest rate swap contracts in the quarter and year reflected the lower fixed rates on the amended swap contracts and settlements in the respective periods, partially offset by a longer term in the swap contracts.

### Unrealized Gain (Loss) on Embedded Derivative Instruments

The fair value of the Fund's embedded derivative instruments was recorded on the consolidated statement of financial position as at December 31, 2009. The movement in the fair value of the embedded derivative asset for the quarter reflected lower forward gas prices, higher discount rates and the change in valuation date. The movement in the fair value of the embedded derivative liability for the quarter mainly reflected the change in valuation date. For the year ended December 31, 2009, the unrealized loss on the embedded derivative asset reflected changes in foreign exchange and assumptions in DCR forecast, partially offset by updated assumptions reflecting a more favourable profit sharing arrangement under Cardinal's amended gas purchase contract. The movement in the fair value of the embedded derivative liability for the year reflected the change in valuation date and changes in counterparty credit risks. The movement in the fair value of these embedded derivatives was reflected in the consolidated statement of operations as follows:

| ($000s unless otherwise noted) | Quarter ended December 31, 2009 | Quarter ended December 31, 2008 | Year ended December 31, 2009 | Year ended December 31, 2008 |
|---|---|---|---|---|
| Unrealized gain (loss) on embedded derivative asset | (2,752) | 1,675 | (4,522) | 2,674 |
| Unrealized gain (loss) on embedded derivative liability | (826) | 2,138 | 141 | 7,167 |
| Total unrealized gain (loss) on embedded derivative instruments | (3,578) | 3,813 | (4,381) | 9,841 |

### Net Interest Expense

Net interest expense for the quarter and year ended December 31, 2009 was $4,134 (Q4 2008 – $3,192) and $15,118 (YTD 2008 - $12,911), respectively. In May 2009, the Fund refinanced two of its credit facilities under Clean Power Operating Trust ("CPOT") and Cardinal into a new joint credit facility. Higher net interest expense reflected higher stamping and commitment fees under the new facility and lower interest income due to lower prevailing interest rates and a lower average cash balance. This was partially offset by lower borrowings compared with the same period last year.

### Equity Accounted Income (Loss) from Long-term Investments

The Fund has an indirect 45% interest in Leisureworld Senior Care LP ("Leisureworld") and an indirect 31.3% interest in one of the two classes of preferred shares of Chapais, each of which are accounted for using the equity method. Included in the consolidated statement of operations for the quarter and year ended December 31, 2009 is the equity accounted income of $1,271 (Q4 2008 – loss of $364) and $1,842 (YTD 2008 – loss of $62) from Leisureworld and $nil (Q4 2008 - $nil) and $nil (YTD 2008 - income of $156) from Chapais.

### Loss on Debt Extinguishment

In connection with the refinancing of the two credit facilities under CPOT and Cardinal in May 2009, the Fund expensed $351 of deferred financing fees that related to the previous CPOT credit facility.

### Income Taxes

Future income tax assets and liabilities are recognized on the Fund's consolidated statement of financial position based on temporary differences between the accounting and tax bases of existing assets and liabilities that are expected to reverse after 2010. For the quarter and year ended December 31, 2009, the Fund recorded a future income tax recovery of $5,509 (Q4 2008 – recovery of $2,421) and $3,350 (YTD 2008 – expense of $2,097), respectively on the consolidated statement of operations in respect of these assets and liabilities.

### Cash Flows from Operating Activities

Cash flows from operating activities were lower for the quarter and year ended December 31, 2009 by $332 and $12,476, respectively, than in the same period last year. The decrease in the quarter was primarily due to higher net interest expense, partially offset by higher net operating cash flows and lower administrative expenses for reasons described above. The decrease in the year reflected lower operating cash flows from each of the power facilities combined with higher net interest expense following the refinancing of the CPOT and Cardinal credit facilities in May 2009, partially offset by lower administrative expenses.

### Distributable Cash and Payout Ratio

Distributable cash and payout ratio are not recognized performance measures under GAAP. The Fund believes that distributable cash and payout ratio are useful supplemental measures that may assist investors in assessing the Fund's financial performance. Distributable cash is based on cash flows from operating activities, the GAAP measure that is reported in the Fund's consolidated statement of cash flows, and adjusted for changes in the reserve accounts, non-discretionary receipts and payments, and distributions received from Leisureworld. In addition, the impact of changes in working capital is excluded (the movements in trade-related current assets and liabilities, excluding cash) as management believes it should not be considered in a period calculation intended to demonstrate the degree to which cash flow from earnings supports the financial obligations of the Fund. Payout ratio is defined as distributions declared as a proportion of distributable cash.

The nature of power infrastructure assets requires scheduled maintenance programs to optimize efficiency and operating life. The Fund has established reserves that are funded based on planned requirements. Cash from these reserves is released to meet maintenance and capital requirements. Adjustments for scheduled receipts and payments are made according to the Fund's investment and financing decisions regarding ongoing commitments.

The Fund continues to calculate and measure distributable cash excluding changes in working capital. The OEFC, the Fund's primary customer, is billed once monthly. As there are only 12 payments each year, the timing of each payment has a significant impact on the Fund's working capital. Monthly payments are received at month end or on the first business day following a month end, which could result in a situation where two bills are paid in the same month. Such circumstances can cause significant fluctuations in working capital, distributable cash and payout ratio that are not reflective of the Fund's ongoing distributable cash or stability of operations.

For the year ended December 31, 2009, distributions to unitholders exceeded distributable cash. In any given period, the amount of distributions declared may exceed the net income of the Fund as a result of net releases from major maintenance accounts and non-cash charges, most significantly, amortization and non-cash movements in future income taxes, swap contracts, and embedded derivative balances. Except for allocations to capital expenditure and major maintenance reserve accounts, the Fund does not retain additional amounts for these movements as they do not require periodic investments to maintain existing levels of activity. For the year ended December 31, 2009, total distributable cash exceeded cash flows from operating activities as a result of distributions received from Leisureworld.

| ($000s except for trust units and per trust unit amounts) | Quarter ended December 31, 2009 | Quarter ended December 31, 2008 | Year ended December 31, 2009 | Year ended December 31, 2008 |
|---|---|---|---|---|
| Cash flows from operating activities | 9,504 | 9,836 | 38,040 | 50,516 |
| Maintenance of productive capacity: | | | | |
| Release from major maintenance reserve account | (109) | 460 | 7,593 | 3,400 |
| Allocation to major maintenance reserve account | (617) | (556) | (2,470) | (2,225) |
| Allocation to capital expenditure reserve account | (238) | (212) | (954) | (850) |
| | 8,540 | 9,528 | 42,209 | 50,841 |
| Other adjustments: | | | | |
| Scheduled repayment of debt | (832) | (445) | (2,811) | (2,431) |
| Scheduled receipt of loans receivable | 186 | 167 | 713 | 641 |
| Distributions received from Leisureworld | 2,587 | 2,587 | 10,350 | 10,350 |
| Changes in working capital | 5,661 | 2,868 | (834) | (7,158) |
| Distributable cash[(i)] | 16,142 | 14,705 | 49,627 | 52,243 |
| Per Unit | 0.323 | 0.294 | 0.994 | 1.046 |
| Distributions declared to Unitholders | 13,103 | 13,106 | 52,414 | 52,454 |
| Per Unit [(ii)] | 0.262 | 0.262 | 1.050 | 1.050 |
| Payout ratio [(iii)] | 81% | 89% | 106% | 100% |
| Basic and diluted weighted average number of Units outstanding | 49,915 | 49,933 | 49,918 | 49,960 |

(i) Distributable cash is not a recognized measure under GAAP and does not have a standardized meaning prescribed by GAAP. Therefore, distributable cash may not be comparable to similar measures presented by other issuers.
(ii) All unitholders were paid distributions equivalent to the amount shown.
(iii) Payout ratio is defined by the Fund as distributions declared as a proportion of distributable cash. Payout ratio is not a recognized measure under GAAP and does not have a standardized meaning prescribed by GAAP. Therefore, it may not be comparable to similar measures presented by other issuers.

For the quarter and year ended December 31, 2009, distributable cash was $16,142 (Q4 2008 - $14,705) and $49,627 (YTD 2008 – $52,243), respectively. The Fund declared distributions to unitholders of $13,103 (Q4 2008 - $13,106) for the quarter and $52,414 (YTD 2008 - $52,454) for the year. This represented a payout ratio of 81% (Q4 2008 – 89%) for the quarter and 106% (YTD 2008 – 100%) for the year.

The lower payout ratio for the quarter primarily reflected the seasonal nature of the Fund's business as the Fund generated higher net operating cash flows, particularly at Cardinal, Whitecourt and the hydro power facilities than distributions paid. Administrative expenses were also lower as a result of lower business development costs and a lower incentive fee. This was partially offset by higher net interest expense following the refinancing of the Cardinal and CPOT credit facility in May 2009 as well as lower cash flows from Erie Shores.

The higher payout ratio for the year reflected higher net interest expense and lower operating cash flows from each of the assets, partially offset by lower administrative expenses, while distributions for the year were maintained at the same level.

## HIGHLIGHTS BY OPERATING SEGMENT

The discussion and analysis of the Fund's summarized results is organized by its operating segments: power infrastructure (gas cogeneration, wind, hydro and biomass) and social infrastructure.

| | Quarter ended December 31, 2009 | | | Quarter ended December 31, 2008 | | |
|---|---|---|---|---|---|---|
| ($000s unless otherwise noted) | Power | Social | Total | Power | Social | Total |
| Revenue | 42,795 | - | 42,795 | 42,190 | - | 42,190 |
| Operating expenses | 21,782 | - | 21,782 | 22,492 | - | 22,492 |
| Contribution margin (i) | 21,013 | - | 21,013 | 19,698 | - | 19,698 |
| Interest income on loans receivable (ii) | 173 | - | 173 | 192 | - | 192 |
| Depreciation and amortization on capital assets | 5,139 | - | 5,139 | 5,340 | - | 5,340 |
| The Fund's pro rata share of equity accounted income (loss) | - | 1,271 | 1,271 | - | (364) | (364) |
| Sale of electricity (MWh) (iii) | 555,291 | - | 555,291 | 545,506 | - | 545,506 |
| Sale of steam (klbs) | 174,785 | - | 174,785 | 186,821 | - | 186,821 |
| Average total occupancy | - | 98.8% | 98.8% | - | 98.6% | 98.6% |
| Average private occupancy | - | 97.3% | 97.3% | - | 94.2% | 94.2% |

(i) Contribution margin is not a recognized measure under GAAP and does not have a standardized meaning prescribed by GAAP. Therefore, contribution margin may not be comparable to similar measures presented by other issuers.
(ii) The Fund's interest income consists of interest earned on Chapais loans. This amount is included in net interest expense on the consolidated statement of operations.
(iii) The sale of electricity for the quarter ended December 31, 2009 includes full production from Chapais of 51,899 MWh (Q4 2008 – 52,770 MWh). The Fund accounts for its investment in Chapais using the equity method; therefore, Chapais' operating results do not impact the Fund's revenue for the quarter.

| | Year ended December 31, 2009 | | | Year ended December 31, 2008 | | |
|---|---|---|---|---|---|---|
| ($000s unless otherwise noted) | Power | Social | Total | Power | Social | Total |
| Revenue | 148,384 | - | 148,384 | 153,186 | - | 153,186 |
| Operating expenses | 90,326 | - | 90,326 | 87,217 | - | 87,217 |
| Contribution margin (i) | 58,058 | - | 58,058 | 65,969 | - | 65,969 |
| Interest income on loans receivable (ii) | 720 | - | 720 | 793 | - | 793 |
| Depreciation and amortization on capital assets | 20,865 | - | 20,865 | 21,085 | - | 21,085 |
| The Fund's pro rata share of equity accounted income (loss) | - | 1,842 | 1,842 | 156 | (62) | 94 |
| Sale of electricity (MWh) (iii) | 2,035,557 | - | 2,035,557 | 2,084,376 | - | 2,084,376 |
| Sale of steam (klbs) | 693,844 | - | 693,844 | 719,453 | - | 719,453 |
| Average total occupancy | - | 98.5% | 98.5% | - | 98.4% | 98.4% |
| Average private occupancy | - | 95.9% | 95.9% | - | 92.9% | 92.9% |

(i) Contribution margin is not a recognized measure under GAAP and does not have a standardized meaning prescribed by GAAP. Therefore, contribution margin may not be comparable to similar measures presented by other issuers.
(ii) The Fund's interest income consists of interest earned on Chapais loans. This amount is included in net interest expense on the consolidated statement of operations.
(iii) The sale of electricity for the year ended December 31, 2009 includes full production from Chapais of 220,032 MWh (YTD 2008 – 221,401 MWh). The Fund accounts for its investment in Chapais using the equity method; therefore, Chapais' operating results do not impact the Fund's revenue for the year.

### Power Infrastructure

The power infrastructure segment includes gas cogeneration, wind, hydro and biomass power generation assets. The Fund's power assets are diversified by fuel source and have a weighted average remaining Power Purchase Agreement ("PPA") term of approximately 10 years.

### Gas Cogeneration Power Operations:

| ($000s unless otherwise noted) | Quarter ended December 31, 2009 | Quarter ended December 31, 2008 | Year ended December 31, 2009 | Year ended December 31, 2008 |
|---|---|---|---|---|
| Revenue | 28,891 | 27,994 | 102,281 | 102,540 |
| Operating expenses | 17,466 | 17,969 | 70,650 | 68,047 |
| Contribution margin (i) | 11,425 | 10,025 | 31,631 | 34,493 |
| Depreciation and amortization on capital assets | 1,954 | 1,967 | 7,824 | 7,839 |
| Sale of electricity (MWh) | 336,800 | 330,465 | 1,251,909 | 1,259,737 |
| Sale of steam (klbs) | 174,785 | 186,821 | 693,844 | 719,453 |

(i) Contribution margin is not a recognized measure under GAAP and does not have a standardized meaning prescribed by GAAP. Therefore, contribution margin may not be comparable to similar measures presented by other issuers.

Revenue for the quarter was $897 higher than in the same period last year. This was primarily due to a 2.8% increase in power prices as a result of continued increases in the DCR. The plant achieved an availability of 98.0% (Q4 2008 – 97.3%) and a capacity factor of 98.7% (Q4 2008 – 96.8%), with 42 hours (Q4 2008 - 59 hours) of outage for repairs and maintenance. Steam revenue of $273 (Q4 2008 - $290) was lower than in the same period last year reflecting lower steam requirements from Canada Starch Operating Company ("CASCO"). Operating expenses were $503 lower than in the same period last year due to lower gas transportation charges partially offset by higher fuel costs.

On an annual basis, the decrease in revenue reflected lower DCR adjustments and lower production, which was partially offset by continued increases in power prices and higher gas mitigation revenue. Cardinal received $1,257 of DCR adjustments in 2008 from the OEFC, while in 2009 a net adjustment of $57 was paid. Revenue from gas mitigation was $244 higher than in the prior year. In the year, the plant achieved an availability of 95.6% (YTD 2008 - 97.2%) and a capacity factor of 94.7% (YTD 2008 – 94.9%), with 374 hours (YTD 2008 – 240 hours) of outage and 430 hours (YTD 2008 – 504 hours) of curtailment. During curtailment, the facility continues to operate but at less than capacity. Cardinal curtails production from time to time during maintenance activities, periods where the spot market price of gas is favourable or when requested by the OEFC. The increase in outage hours in the year reflected a hot gas path inspection that was conducted in April 2009, which took 303 hours to complete. Steam revenue of $1,088 (YTD 2008 - $1,108) decreased in the year as a result of lower steam requirements by CASCO. Higher operating expenses reflected higher major maintenance expense due to the hot gas path inspection as well as prior period rate adjustments from Union Gas Limited of $256, partially offset by lower gas transportation charges.

### Wind Power Operations:

| ($000s unless otherwise noted) | Quarter ended December 31, 2009 | Quarter ended December 31, 2008 | Year ended December 31, 2009 | Year ended December 31, 2008 |
|---|---|---|---|---|
| Revenue | 6,770 | 8,071 | 22,573 | 24,660 |
| Operating expenses | 1,410 | 1,399 | 5,476 | 5,437 |
| Contribution margin (i) | 5,360 | 6,672 | 17,097 | 19,223 |
| Depreciation and amortization on capital assets | 2,058 | 2,103 | 8,276 | 8,293 |
| Sale of electricity (MWh) | 69,689 | 83,339 | 232,296 | 253,927 |

(i) Contribution margin is not a recognized measure under GAAP and does not have a standardized meaning prescribed by GAAP. Therefore, contribution margin may not be comparable to similar measures presented by other issuers.

Erie Shores' revenue and production for the quarter ended December 31, 2009 were 16.1% and 16.4%, respectively, lower than in the same period last year primarily as a result of a lower average wind speed in the quarter. The facility operated at an availability of 96.6% (Q4 2008 – 97.1%) as a result of higher maintenance activities. Lower wind speed contributed to a capacity factor of 31.9% (Q4 2008 – 38.1%).

Erie Shores' annual revenue and production were 8.5% lower than in the prior year also reflecting a lower average wind speed in the year. The facility achieved an availability of 96.3% (YTD 2008 - 95.0%) and capacity factor of 26.8% (YTD 2008 – 29.2%).

### Hydro Power Operations:

| ($000s unless otherwise noted) | Quarter ended December 31, 2009 | Quarter ended December 31, 2008 | Year ended December 31, 2009 | Year ended December 31, 2008 |
|---|---|---|---|---|
| Revenue | 3,819 | 3,067 | 12,318 | 12,705 |
| Operating expenses | 956 | 817 | 3,512 | 3,443 |
| Contribution margin [i] | 2,863 | 2,250 | 8,806 | 9,262 |
| Depreciation and amortization on capital assets | 548 | 486 | 2,178 | 2,174 |

[i] Contribution margin is not a recognized measure under GAAP and does not have a standardized meaning prescribed by GAAP. Therefore, contribution margin may not be comparable to similar measures presented by other issuers.

| Sale of electricity (MWh) Asset/Facility | Quarter ended December 31, 2009 | Quarter ended December 31, 2008 | Year ended December 31, 2009 | Year ended December 31, 2008 |
|---|---|---|---|---|
| Sechelt | 23,119 | 21,305 | 75,556 | 80,656 |
| Hluey Lakes | 2,142 | 2,010 | 6,868 | 6,842 |
| Wawatay | 16,363 | 8,332 | 58,136 | 52,364 |
| Dryden | 4,417 | 5,108 | 20,114 | 22,921 |
| Sale of electricity | 46,041 | 36,755 | 160,674 | 162,783 |

Revenue from the hydro power facilities for the quarter was higher than in the same period last year mainly due to increased production at Wawatay, Sechelt and Hluey Lakes as a result of higher precipitation, resulting in increased water flows. During the quarter, the hydro power facilities operated at a weighted average availability of 96.2% (Q4 2008 – 99.7%) and a capacity factor of 58.4% (Q4 2008 – 46.6%). Outage hours during the quarter of 2,351 (Q4 2008 – 81 hours) were higher, reflecting turbine rehabilitation work beginning in September 2009, that was conducted at the Dryden facility's Wainwright station, which is a 1 MW station.

On an annual basis, production was slightly lower than in the prior year due to lower water flows, particularly at the Sechelt facility as a result of drier conditions in British Columbia. This was partially offset by higher production at the Wawatay facility reflecting significantly higher precipitation in the fourth quarter. For the year, the facilities achieved an overall weighted average availability of 98.1% (YTD 2008 – 96.3%) and a capacity factor of 51.4% (YTD 2008 – 51.9%), with 3,828 hours of outage (YTD 2008 – 1,017 hours), primarily due to the rehabilitation work discussed above.

### Biomass Power Operations:

| | Quarter ended December 31, 2009 | | | Quarter ended December 31, 2008 | | |
|---|---|---|---|---|---|---|
| ($000s unless otherwise noted) | Whitecourt | Chapais | Total Biomass | Whitecourt | Chapais | Total Biomass |
| Revenue | 3,315 | - | 3,315 | 3,058 | - | 3,058 |
| Operating expenses | 1,950 | - | 1,950 | 2,307 | - | 2,307 |
| Contribution margin [i] | 1,365 | - | 1,365 | 751 | - | 751 |
| Interest income on loans receivable | - | 173 | 173 | - | 192 | 192 |
| Depreciation and amortization on capital assets | 579 | - | 579 | 784 | - | 784 |
| The Fund's pro rata share of equity accounted income | - | - | - | - | - | - |

[i] Contribution margin is not a recognized measure under GAAP and does not have a standardized meaning prescribed by GAAP. Therefore, contribution margin may not be comparable to similar measures presented by other issuers.

| | Year ended December 31, 2009 | | | Year ended December 31, 2008 | | |
|---|---|---|---|---|---|---|
| ($000s unless otherwise noted) | Whitecourt | Chapais | Total Biomass | Whitecourt | Chapais | Total Biomass |
| Revenue | 11,212 | - | 11,212 | 13,281 | - | 13,281 |
| Operating expenses | 10,688 | - | 10,688 | 10,290 | - | 10,290 |
| Contribution margin [i] | 524 | - | 524 | 2,991 | - | 2,991 |
| Interest income on loans receivable | - | 720 | 720 | - | 793 | 793 |
| Depreciation and amortization on capital assets | 2,587 | - | 2,587 | 2,779 | - | 2,779 |
| The Fund's pro rata share of equity accounted income | - | - | - | - | 156 | 156 |

[i] Contribution margin is not a recognized measure under GAAP and does not have a standardized meaning prescribed by GAAP. Therefore, contribution margin may not be comparable to similar measures presented by other issuers.

| Sale of electricity (MWh) Asset/Facility | Quarter ended December 31, 2009 | Quarter ended December 31, 2008 | Year ended December 31, 2009 | Year ended December 31, 2008 |
|---|---|---|---|---|
| Whitecourt | 50,862 | 42,177 | 170,646 | 186,528 |
| Chapais | 51,899 | 52,770 | 220,032 | 221,401 |
| Sale of electricity (i) | 102,761 | 94,947 | 390,678 | 407,929 |

(i) Sale of electricity for the quarter and year ended December 31, 2009 included full production from Chapais of 51,899 MWh (Q4 2008 – 52,770 MWh) and 220,032 MWh (YTD 2008 – 221,401 MWh), respectively. The Fund accounts for its investment in Chapais using the equity method; therefore, Chapais' operating results do not impact the Fund's revenue for the respective periods.

*Whitecourt*

During the quarter, Whitecourt's revenue and production increased by 8.4% and 20.6%, respectively. The facility operated at an availability of 95.9% (Q4 2008 – 78.7%) and a capacity factor of 95.4% (Q4 2008 – 78.8%). The higher availability and capacity factor reflected fewer hours of outage from 373 hours in 2008 to 92 hours in 2009. The increase in revenue was partially offset by a decrease in the average Alberta Power Pool prices as approximately 14.3% of the plant's production was sold into the Alberta Power Pool in the quarter. The average Alberta Power Pool price for the quarter was $46.36 per MWh compared with $95.18 per MWh in the same period last year. Operating expenses were 15.5% lower than in the same period last year, reflecting fewer repairs and maintenance expenses in the quarter and lower management fees following the termination of the operations and maintenance agreement in January 2009.

For the year ended December 31, 2009, Whitecourt's revenue and production were significantly affected by major maintenance work that was required to address a higher than normal vibration in the turbine. The facility operated at an availability of 82.0% (YTD 2008 – 88.4%) and a capacity factor of 81.5% (YTD 2008 – 88.0%), reflecting 1,579 hours (YTD 2008 – 1,059 hours) of outage. Revenue was also reduced by a lower average Alberta Power Pool price of $47.85 per MWh (YTD 2008 - $87.95 per MWh) as approximately 13.5% of the plant's production was sold into the Alberta Power Pool this year. Operating expenses were 3.9% higher than in the same period last year, as a result of the increased major maintenance activities, partially offset by lower operations and maintenance management fees.

*Chapais*

For the quarter ended December 31, 2009, the Chapais facility operated at an availability of 88.2% (Q4 2008 – 89.6%), reflecting 261 hours (Q4 2008 – 233 hours) of outage and achieved a capacity factor of 83.9% (Q4 2008 – 85.4%). As a result, Chapais' production was slightly lower in the quarter compared with the same period last year. On an annual basis, the facility operated at an availability of 93.8% (YTD 2008 – 93.4%), reflecting 554 hours (YTD 2008 – 588 hours) of outage and achieved a capacity factor of 89.7% (YTD 2008 – 90.0%).

The Chapais PPA is subject to a maximum annual production provision for each 12-month period ending November 30. Should the facility exceed this maximum production amount, the PPA rate paid on any excess production is significantly reduced. Therefore, the facility is operated throughout the year so that the total production for each 12-month period ending November 30 approximates the maximum provision in the PPA.

## Social Infrastructure

Leisureworld owns and operates 26 long term care ("LTC") homes (4,314 beds), one retirement home (29 beds) and one independent living home (53 beds) located in the Province of Ontario. In addition, Leisureworld operates two related businesses, Preferred Health Care Services, which provides professional nursing and personal support services for both community-based home care and LTC homes, and Ontario Long-Term Care Providers, which provides purchasing services to Leisureworld's LTC homes.

Leisureworld is currently the third largest provider of long-term care in Ontario. The composition of Leisureworld's LTC portfolio as at December 31, 2009 by structural classification was as follows:

| Beds by Class (i) | Number of Beds | Percentage of Portfolio |
|---|---|---|
| New or A | 2,260 | 52.4% |
| B | 299 | 6.9% |
| C | 1,755 | 40.7% |
| Total | 4,314 | 100.0% |

(i) All of Leisureworld's Class A homes are designated as new homes and qualify for capital funding of up to $10.35 per day, per bed. These homes meet or exceed 1998 design standards. Class B homes exceed 1972 standards but do not meet 1998 design standards. Class C homes meet 1972 standards.

The Fund's investment in Leisureworld is accounted for as an equity investment. As such, the Fund records its pro rata share of any income or loss for the period:

| ($000s unless otherwise noted) | Quarter ended December 31, 2009 | Quarter ended December 31, 2008 | Year ended December 31, 2009 | Year ended December 31, 2008 |
|---|---|---|---|---|
| Revenue | 69,366 | 66,697 | 267,979 | 248,732 |
| Operating an administrative expenses | 59,156 | 59,454 | 234,540 | 219,332 |
| Net income (loss) | 2,823 | (859) | 4,093 | (188) |
| The Fund's pro rata share of equity accounted income (loss) | 1,271 | (364) | 1,842 | (62) |
| Distributions paid to the Fund | 2,587 | 2,587 | 10,350 | 10,350 |
| Average total occupancy | 98.8% | 98.6% | 98.5% | 98.4% |
| Average private occupancy | 97.3% | 94.2% | 95.9% | 92.9% |

For the quarter and year ended December 31, 2009, Leisureworld generated revenue of $69,366 (Q4 2008 - $66,697) and $267,979 (YTD 2008 - $248,732), respectively. The increase in the quarter and year primarily reflected increases in government funding, including other special initiative funding, as well as increased occupancy of private accommodation. Operating and administrative expenses for the quarter were lower than in the prior year as a result of a reduction in management's estimate of sick time allowance. The increase in operating and administrative expenses for the year reflected increases in staff and operating costs.

Net income for the quarter and year was $2,823 (Q4 2008 – net loss of $859) and $4,093 (YTD 2008 – net loss of $188), respectively. The increase reflected higher income from operations and an unrealized gain on interest rate swaps. This was partially offset by higher depreciation and interest charges in the respective periods.

### Contribution Margin

Contribution margin is not a recognized measure under GAAP and does not have a standardized meaning prescribed by GAAP. Contribution margin can be defined as revenue net of direct operating expenses. Contribution margin provides useful information that may assist investors in assessing the operational performance of the Fund's underlying assets and their contribution to the Fund's financial results.

The following provides a reconciliation of contribution margin from income before income taxes for the quarter and year ended December 31, 2009:

| ($000s unless otherwise noted) | Quarter ended December 31, 2009 | Quarter ended December 31, 2008 | Year ended December 31, 2009 | Year ended December 31, 2008 |
|---|---|---|---|---|
| Income (loss) before income taxes | 6,000 | (38,981) | 7,941 | (24,447) |
| Unrealized (gain) loss on swap contracts | (940) | 4,126 | (4,664) | 4,228 |
| Unrealized (gain) loss on embedded derivative instruments | 3,578 | (3,813) | 4,381 | (9,841) |
| Net interest expense | 4,134 | 3,192 | 15,118 | 12,911 |
| Impairment of goodwill | - | 43,279 | - | 43,279 |
| Equity accounted loss (income) from long-term investments | (1,271) | 364 | (1,842) | (94) |
| Foreign exchange loss (gain) | (6) | 42 | (23) | 54 |
| Loss on debt extinguishment | - | - | 351 | - |
| Gain on sale of capital assets | - | - | - | (10) |
| | 11,495 | 8,209 | 21,262 | 26,080 |
| Add back: | | | | |
| Administrative expenses | 2,414 | 4,195 | 8,095 | 10,982 |
| Depreciation and amortization | 7,104 | 7,294 | 28,701 | 28,907 |
| Contribution margin | 21,013 | 19,698 | 58,058 | 65,969 |

## LIQUIDITY AND FINANCIAL RESOURCES

Demand associated with the Fund's assets is relatively stable through the business cycle and most assets have long-term agreements to enhance revenue certainty. This mitigates some of the liquidity risk and uncertainties inherent in the current economic environment.

In May 2009, the Fund refinanced the CPOT and Cardinal credit facilities into a joint credit facility following a $25,000 repayment on the CPOT facility. The combined facility extends the maturity of the Fund's floating rate debt at CPOT and Cardinal from June 2010 and May 2011, respectively, to June 2012. The Fund also subsequently amended its interest rate swap contracts to match the maturity date of the new credit facility.

As at December 31, 2009, the following funds were available under the new credit facility:

| Credit Facility ($000s unless otherwise noted) | Credit Limits | Amounts Authorized or Drawn | Available |
|---|---|---|---|
| Term | 141,875 | 85,000 | 56,875 |
| Revolver (i) | 40,625 | 12,533 | 28,092 |

(i) Amounts authorized or drawn under the Revolver reflect three letters of credit totalling $2,533 for Erie Shores and a $10,000 unsecured guarantee provided to the lenders under the Tranche C loan to Erie Shores.

In December 2009, the Fund issued $50,000 of new convertible unsecured subordinated debentures with a maturity date of December 31, 2016 ("2016 Debentures"). The underwriters subsequently exercised an over-allotment option to purchase an additional $7,500 principal amount of the debentures on January 5, 2010, bringing the aggregate gross proceeds of the offering to $57,500. Of this amount, $38,918 was used to redeem the Fund's existing 6.75% convertible debentures ("2010 Debentures") on January 11, 2010. The refinancing effectively extended the maturity of the Fund's convertible debentures that were coming due on December 31, 2010 to 2016, reducing interest costs on the debentures from 6.75% to 6.50% and providing the Fund with additional capital for future growth opportunities.

The following table summarizes the Fund's capitalization position as of December 31, 2009:

| | December 31, 2009 | | December 31, 2008 | |
|---|---|---|---|---|
| ($000s unless otherwise noted) | Fair Value | Book Value | Fair Value | Book Value |
| Long-term debt | 192,941 | 192,403 | 227,379 | 222,681 |
| Capital lease obligations | 367 | 367 | 555 | 555 |
| Convertible debentures (i) | 89,437 | 81,655 | 35,026 | 38,918 |
| Levelization amounts | 21,166 | 21,166 | 19,581 | 19,581 |
| Total debt | 303,911 | 295,591 | 282,541 | 281,735 |
| Unitholders' Equity (ii) | 304,980 | 293,015 | 239,124 | 325,631 |
| Total capitalization | 608,891 | 588,606 | 521,665 | 607,366 |
| Debt to capitalization | 49.9% | 50.2% | 54.2% | 46.4% |

(i) The fair value and book value of convertible debentures as at December 31, 2009 included the 2010 Debentures and excluded the $7,500 overallotment issue.

(ii) The fair value of unitholders' equity reflected the Fund's market capitalization as at December 31, 2009 based on a unit price of $6.11 (2008 - $4.79) and units outstanding of 49,914,927 (2008 – 49,921,584 units). Units outstanding include Class B exchangeable units which as at December 31, 2009 were 3,249,390 (2008 – 3,249,390 units). The book value of unitholders' equity included the equity portion of the Fund's convertible debentures of $4,736 (2008 - $nil) as of December 31, 2009.

The Fund expects to meet all of its obligations in 2010 and to make distributions to unitholders from cash flows generated from operating activities. At December 31, 2009, the Fund had positive working capital of $16,962 (2008 - $51,874). Unrestricted cash and short-term investments totalled $53,121 (2008 - $51,904), of which $42,532 (2008 - $34,803) was not designated for major maintenance, capital expenditure or general reserves. Of this amount, $38,918 has been earmarked for the redemption of the Fund's 2010 Debentures.

| ($000s unless otherwise noted) | December 31, 2009 | December 31, 2008 |
|---|---|---|
| Major maintenance reserve | 4,668 | 9,791 |
| Capital expenditure reserve | 921 | 2,310 |
| General reserve | 5,000 | 5,000 |
| Total reserve accounts | 10,589 | 17,101 |
| Other cash and cash equivalents | 42,532 | 29,716 |
| Total cash and cash equivalents | 53,121 | 46,817 |
| Short-term investments | - | 5,087 |
| Total cash and short-term investments | 53,121 | 51,904 |

With the continued funding of major maintenance and capital expenditure reserves, the Fund believes it has more than sufficient funds to meet all anticipated maintenance and capital requirements in 2010.

## SUBSEQUENT EVENTS

On January 5, 2010, in connection with the Fund's issuance of $50,000 of 6.50% convertible unsecured subordinated debentures due December 31, 2016, the underwriters exercised an over-allotment option to purchase an additional $7,500 principal amount of the 2016 Debentures. This increases the aggregate gross proceeds of the offering to $57,500. On January 11, 2010, the Fund fully redeemed its 6.75% convertible unsecured subordinated debentures that were coming due on December 31, 2010 with proceeds from the issuance of the 2016 Debentures. The total amount paid was equal to the principal outstanding of $38,918 plus accrued interest.

On February 12, 2010, the Fund, together with Macquarie International Infrastructure Fund Limited, announced that it is considering the divestiture of their interests in Leisureworld, by way of an initial public offering ("IPO"). Accordingly, Leisureworld Senior Care Corporation ("LSCC"), a newly formed corporation, has filed a preliminary prospectus with the Canadian securities regulatory authorities for the proposed IPO. The net proceeds from the offering will be used to acquire 100% of the ownership interests in Leisureworld. As at and for the year ended December 31, 2009, the following amounts have been recorded on the Fund's consolidated financial statements in respect of its investment in Leisureworld:

| ($000s unless otherwise noted) | |
|---|---|
| **Consolidated statement of financial position** | |
| Long-term investments | 54,186 |
| Future income tax asset | 174 |
| Future income tax liability | 10,895 |
| **Consolidated statement of unitholders' equity** | |
| Ending cumulative loss | (2,991) |
| Ending accumulated comprehensive income | 190 |
| **Consolidated statement of operations and comprehensive income** | |
| Equity accounted income from long-term investments | 1,842 |
| Equity share of comprehensive income of Leisureworld | 482 |
| **Consolidated statement of cash flows** | |
| Equity accounted income from long-term investments | 1,842 |
| Investment in Leisureworld | (6,750) |
| Transaction costs paid from acquisition | (46) |
| Distributions received from long-term investments | 10,350 |

## SEASONALITY

Since Cardinal has a long-term PPA with the OEFC and a gas purchase contract with Husky Energy Marketing Inc., its results are not significantly affected by fluctuations resulting from the market prices for electricity or the volatility in the price of natural gas. However, the PPA contains higher power rates during the six-month period from October to March (and lower rates from April to September), which is reflected in the variations in quarterly results.

In addition, Cardinal and Whitecourt generally perform their major maintenance activities during the April to July period, which affects the Fund's operating results during that period. To partially offset this seasonality, Cardinal sells the excess natural gas not consumed in the market. Exposure to fluctuations in the market prices of gas from the sales of surplus gas have been partially hedged with gas swap contracts.

Electricity production generated by Erie Shores fluctuates with the natural wind speed and density in the area of the facility. During the autumn and winter periods, wind speed and density are generally greater than during the spring and summer periods.

A significant portion of electricity production generated by the Fund's hydro power facilities fluctuates with the natural water flow of the respective watersheds. During the spring and autumn periods, water flows are generally greater than during the winter and summer periods.

As with the Cardinal PPA, Wawatay's and Dryden's PPAs with the OEFC have different pricing provisions for electricity produced depending on the time of year. The OEFC pays higher rates for electricity during the months of October to March (and lower rates from April to September).

The PPA with Hydro Quebec relating to the Chapais facility also has different pricing provisions for electricity produced depending on the time of year. During the months of December to March, Hydro Quebec pays an additional capacity premium. This could result in fluctuations in equity accounted income (loss) from long-term investments, but does not affect cash flows to the Fund.

The seasonality of wind speed and density, water flows, pricing provisions within the PPAs with the OEFC and Hydro Quebec may result in fluctuations in revenue and net income during the year.

The Fund maintains reserve accounts and free cash flow in order to offset the seasonality and other factors that may impact electricity production. Management expects that the reserve accounts and free cash flow will be sufficient to maintain monthly distributions to unitholders in 2010.

## SUPPLEMENTAL QUARTERLY INFORMATION

### Selected Consolidated Financial and Operating Information of the Fund

| ($000s except for trust units and per trust unit amounts) For the quarters ended | Dec 31, 2009 | Sept 30, 2009 | Jun 30, 2009 | Mar 31, 2009 | Dec 31, 2008 | Sept 30, 2008 | Jun 30, 2008 | Mar 31, 2008 |
|---|---|---|---|---|---|---|---|---|
| Revenue | 42,795 | 32,731 | 32,603 | 40,255 | 42,190 | 32,434 | 34,862 | 43,700 |
| Net income (loss) | 11,501 | (587) | (1,752) | 2,097 | (36,560) | 3,811 | 826 | 5,389 |
| Cash flows from operating activities | 9,504 | 5,972 | 9,255 | 13,309 | 9,836 | 8,549 | 17,240 | 14,891 |
| Distributable cash [i] | 16,142 | 8,305 | 10,225 | 14,955 | 14,705 | 9,839 | 11,201 | 16,498 |
| Distributions declared to Unitholders | 13,103 | 13,103 | 13,104 | 13,104 | 13,106 | 13,114 | 13,117 | 13,117 |
| | | | | | | | | |
| Basic and diluted net income (loss) per Unit | 0.230 | (0.012) | (0.035) | 0.042 | (0.732) | 0.076 | 0.017 | 0.108 |
| Cash flows from operating activities per Unit | 0.190 | 0.120 | 0.185 | 0.267 | 0.197 | 0.171 | 0.345 | 0.298 |
| Distributable cash per Unit | 0.323 | 0.166 | 0.205 | 0.300 | 0.294 | 0.197 | 0.224 | 0.330 |
| Distributions declared per Unit [ii] | 0.262 | 0.262 | 0.262 | 0.262 | 0.262 | 0.262 | 0.262 | 0.262 |

[i] Distributable cash is not a recognized measure under GAAP and does not have a standardized meaning prescribed by GAAP. Therefore, distributable cash may not be comparable to similar measures presented by other issuers.
[ii] All unitholders were paid distributions equivalent to the amount shown.

# MACQUARIE POWER & INFRASTRUCTURE INCOME FUND
## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

| ($000s unless otherwise noted) | December 31, 2009 | December 31, 2008 |
|---|---|---|
| Current Assets | | |
| Cash and cash equivalents | 53,121 | 46,817 |
| Restricted cash | 2,304 | - |
| Short-term investments | - | 5,087 |
| Accounts receivable | 16,128 | 18,309 |
| Inventory | 246 | 211 |
| Prepaid expenses | 3,525 | 2,421 |
| Current portion of loans receivable | 794 | 713 |
| Current portion of swap contracts at fair value | 1,026 | 369 |
| Deferred charges | 3,075 | 99 |
| Cash in escrow related to GRS | 3,186 | 6,088 |
| | 83,405 | 80,114 |
| Loans receivable | 6,105 | 6,899 |
| Long-term investments | 54,186 | 55,328 |
| Capital assets | 396,172 | 413,527 |
| Intangible assets | 140,866 | 150,315 |
| Embedded derivative asset | 14,093 | 20,392 |
| Swap contracts at fair value | 1,383 | 181 |
| Future income tax asset | 10,387 | 10,631 |
| Total Assets | 706,597 | 737,387 |
| Current Liabilities | | |
| Accounts payable and accrued liabilities | 15,425 | 12,657 |
| Distributions payable | 4,368 | 4,368 |
| Current portion of long-term debt | 3,117 | 2,942 |
| Current portion of convertible debentures | 38,918 | - |
| Current portion of capital lease obligations | 119 | 188 |
| Current portion of swap contracts at fair value | 1,310 | 1,997 |
| Accounts payable and accrued liabilities related to GRS | 3,186 | 6,088 |
| | 66,443 | 28,240 |
| Long-term debt | 189,286 | 219,739 |
| Convertible debentures | 42,737 | 38,918 |
| Levelization amounts | 21,166 | 19,581 |
| Capital lease obligations | 248 | 367 |
| Future income tax liability | 76,234 | 82,866 |
| Embedded derivative liability | 4,859 | 6,491 |
| Swap contracts at fair value | 1,284 | 3,918 |
| Liability for asset retirement | 3,171 | 1,848 |
| Electricity supply and gas purchase contracts | 8,154 | 9,788 |
| Total Liabilities | 413,582 | 411,756 |
| Unitholders' Equity | 293,015 | 325,631 |
| Total Liabilities and Unitholders' Equity | 706,597 | 737,387 |

# MACQUARIE POWER & INFRASTRUCTURE INCOME FUND
## CONSOLIDATED STATEMENT OF UNITHOLDERS' EQUITY

| ($000s unless otherwise noted) | Quarter ended December 31, 2009 | Quarter ended December 31, 2008 | Year ended December 31, 2009 | Year ended December 31, 2008 |
|---|---|---|---|---|
| Unitholders' Capital | | | | |
| Opening balance | 466,662 | 466,790 | 466,697 | 467,006 |
| Trust units redeemed | - | (93) | (35) | (309) |
| Ending balance | 466,662 | 466,697 | 466,662 | 466,697 |
| Class B Exchangeable Units | 35,500 | 35,500 | 35,500 | 35,500 |
| Equity Portion of Convertible Debentures | 4,736 | - | 4,736 | - |
| Accumulated Other Comprehensive Income (loss) | | | | |
| Opening balance – as reported | 94 | 1,103 | (361) | 1,628 |
| Adjustment due to adoption of new standards | - | - | 69 | - |
| Opening balance – restated | 94 | 1,103 | (292) | 1,628 |
| Equity share of other comprehensive income (loss) of Leisureworld | 96 | (1,464) | 482 | (1,989) |
| Ending balance | 190 | (361) | 190 | (361) |
| Cumulative Earnings | | | | |
| Opening balance – as reported | (11,658) | 21,857 | (14,703) | 11,831 |
| Adjustment due to adoption of new standards | - | - | 3,287 | - |
| Opening balance – restated | (11,658) | 21,857 | (11,416) | 11,831 |
| Net income (loss) for the period | 11,501 | (36,560) | 11,259 | (26,534) |
| Ending balance | (157) | (14,703) | (157) | (14,703) |
| Total Cumulative Comprehensive Income (loss) | 33 | (15,064) | 33 | (15,064) |
| Cumulative Distributions | | | | |
| Opening balance | (200,813) | (148,396) | (161,502) | (109,048) |
| Distributions declared to Unitholders for the period | (13,103) | (13,106) | (52,414) | (52,454) |
| Ending balance | (213,916) | (161,502) | (213,916) | (161,502) |
| Total Unitholders' Equity | 293,015 | 325,631 | 293,015 | 325,631 |

# MACQUARIE POWER & INFRASTRUCTURE INCOME FUND
## CONSOLIDATED STATEMENT OF OPERATIONS

| ($000s except for trust units and per trust unit amounts) | Quarter ended December 31, 2009 | Quarter ended December 31, 2008 | Year ended December 31, 2009 | Year ended December 31, 2008 |
|---|---|---|---|---|
| **Revenue** | 42,795 | 42,190 | 148,384 | 153,186 |
| **Costs and expenses** | | | | |
| Operating expenses | 21,782 | 22,492 | 90,326 | 87,217 |
| Administrative expenses | 2,414 | 4,195 | 8,095 | 10,982 |
| Depreciation and amortization | 7,104 | 7,294 | 28,701 | 28,907 |
| | 31,300 | 33,981 | 127,122 | 127,106 |
| | 11,495 | 8,209 | 21,262 | 26,080 |
| Unrealized gain (loss) on swap contracts | 940 | (4,126) | 4,664 | (4,228) |
| Unrealized gain (loss) on embedded derivative instruments | (3,578) | 3,813 | (4,381) | 9,841 |
| Net interest expense | (4,134) | (3,192) | (15,118) | (12,911) |
| Impairment of goodwill | - | (43,279) | - | (43,279) |
| Equity accounted income (loss) from long-term investments | 1,271 | (364) | 1,842 | 94 |
| Foreign exchange gain (loss) | 6 | (42) | 23 | (54) |
| Loss on debt extinguishment | - | - | (351) | - |
| Gain on sale of capital assets | - | - | - | 10 |
| Income (loss) before income taxes | 6,000 | (38,981) | 7,941 | (24,447) |
| Income tax recovery (expense) | | | | |
| Current | (8) | - | (32) | 10 |
| Future | 5,509 | 2,421 | 3,350 | (2,097) |
| Total income tax recovery (expense) | 5,501 | 2,421 | 3,318 | (2,087) |
| **Net income (loss)** | 11,501 | (36,560) | 11,259 | (26,534) |
| Basic and diluted weighted average number of trust units and Class B exchangeable units outstanding (“Unit”) | 49,915 | 49,933 | 49,918 | 49,960 |
| Basic and diluted net income (loss) per Unit | 0.230 | (0.732) | 0.226 | (0.531) |

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| ($000s unless otherwise noted) | Quarter ended December 31, 2009 | Quarter ended December 31, 2008 | Year ended December 31, 2009 | Year ended December 31, 2008 |
|---|---|---|---|---|
| Net income (loss) | 11,501 | (36,560) | 11,259 | (26,534) |
| Equity share of comprehensive income (loss) of Leisureworld | 96 | (1,464) | 482 | (1,989) |
| Total comprehensive income (loss) | 11,597 | (38,024) | 11,741 | (28,523) |

# MACQUARIE POWER & INFRASTRUCTURE INCOME FUND
## CONSOLIDATED STATEMENT OF CASH FLOWS

| ($000s unless otherwise noted) | Quarter ended December 31, 2009 | Quarter ended December 31, 2008 | Year ended December 31, 2009 | Year ended December 31, 2008 |
|---|---|---|---|---|
| Cash flows from operating activities: | | | | |
| Net income (loss) | 11,501 | (36,560) | 11,259 | (26,534) |
| Add back: | | | | |
| Depreciation and amortization | 7,104 | 7,294 | 28,701 | 28,907 |
| Unrealized (gain) loss on swap contracts | (940) | 4,126 | (4,664) | 4,228 |
| Unrealized (gain) loss on embedded derivative instruments | 3,578 | (3,813) | 4,381 | (9,841) |
| Impairment of goodwill | - | 43,279 | - | 43,279 |
| Equity accounted (income) loss from long-term investments | (1,271) | 364 | (1,842) | (94) |
| Gain on sale of capital assets | - | - | - | (10) |
| Future income tax expense (recovery) | (5,509) | (2,421) | (3,350) | 2,097 |
| Unpaid interest on levelization amounts | 364 | 344 | 1,454 | 972 |
| Loss on debt extinguishment | - | - | 351 | - |
| Amortization of deferred financing costs | 295 | 67 | 781 | 259 |
| Accretion of asset retirement obligations | 43 | 24 | 135 | 95 |
| Non-cash changes in working capital: | | | | |
| Decrease (increase) in accounts receivable | (4,383) | (6,856) | 2,181 | 7,207 |
| Decrease (increase) in inventory | 119 | 9 | (35) | 54 |
| Decrease (increase) in prepaid expenses | (1,094) | (285) | (1,104) | 2,627 |
| Decrease (increase) in deferred charges | (1,547) | 3,131 | (2,976) | 343 |
| Increase (decrease) in accounts payable and accrued liabilities | 1,244 | 1,133 | 2,768 | (3,073) |
| **Total cash flows from operating activities** | 9,504 | 9,836 | 38,040 | 50,516 |
| Cash flows from investing activities: | | | | |
| Proceeds from sale (purchase) of short-term investments | - | (45) | 5,087 | (5,087) |
| Investment in Leisureworld | - | - | (6,750) | - |
| Proceeds from sale of capital assets | - | - | - | 10 |
| Transaction costs paid from acquisition | - | - | (46) | - |
| Receipt of loans receivable | 186 | 167 | 713 | 641 |
| Distributions received from long-term investments | 2,587 | 2,587 | 10,350 | 10,350 |
| Investment in capital assets | (918) | (181) | (2,343) | (1,251) |
| **Total cash flows from investing activities** | 1,855 | 2,528 | 7,011 | 4,663 |
| Cash flows from financing activities: | | | | |
| Proceeds from (Repayment of) long-term debt | (6,251) | - | (27,942) | 25,000 |
| Transaction costs paid on debt issuance | (2,545) | (710) | (5,995) | (2,778) |
| Proceeds from issuance of convertible debentures | 50,000 | - | 50,000 | - |
| Redemption of units | - | (93) | (35) | (309) |
| Repayment of capital lease obligations | (48) | (45) | (188) | (181) |
| Proceeds from (repayment of) levelization amounts | (81) | 265 | 131 | 347 |
| Increase in restricted cash | (2,304) | - | (2,304) | - |
| Distributions paid to Unitholders | (13,103) | (13,107) | (52,414) | (52,375) |
| **Total cash flows from financing activities** | 25,668 | (13,690) | (38,747) | (30,296) |
| **Increase (decrease) in cash and cash equivalents** | 37,027 | (1,326) | 6,304 | 24,883 |
| Cash and cash equivalents, beginning of period | 16,094 | 48,143 | 46,817 | 21,934 |
| **Cash and cash equivalents, end of period** | 53,121 | 46,817 | 53,121 | 46,817 |
| **Supplemental information :** | | | | |
| Interest paid | 3,896 | 3,940 | 13,636 | 11,845 |
| Taxes paid | 8 | - | 32 | 7 |

## ADDITIONAL INFORMATION

Please refer to the SEDAR website (www.sedar.com) for additional information about the Fund, including the Fund's annual information form, dated March 31, 2009.

## INVESTOR INFORMATION

**TRANSFER AGENT, REGISTRAR**

Computershare Investor Services Inc.
1500 University St., Suite 700, Montreal, QC H3A 3S9
1 (800) 564 6253

**FOR INVESTOR AND INVESTMENT ANALYST INQUIRIES, PLEASE CONTACT:**

Michael Smerdon, Vice President, Chief Financial Officer and Secretary, (416) 607 5167

**FOR INVESTOR OR MEDIA INQUIRIES, PLEASE CONTACT:**

Sarah Borg-Olivier, Vice President, Investor Relations, (416) 607 5009

**EXCHANGE LISTING:**

Macquarie Power & Infrastructure Income Fund's units and convertible debentures are listed on the Toronto Stock Exchange and trade under the symbols MPT.UN and MPT.DB.A, respectively.

**WEBSITE:**

www.macquarie.com/mpt

**EMAIL:**

mpt@macquarie.com