Macquarie Power & Infrastructure Income Fund

Supplementary Financial Information
For the Quarter and Year Ended
December 31, 2007

MACQUARIE

WS: 77129_1

Macquarie Power & Infrastructure Income Fund (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 of the Fund are not "deposits" within the meaning of the Canada Deposit Insurance Corporation Act (Canada) and are not insured under the provisions of that Act or any other legislation.

Macquarie Power Management Ltd. ("MPML") is the manager of the Fund (the "Manager") and is an indirect wholly owned subsidiary of Macquarie Group Limited ("MGL"), based in Australia.

Investments in the Fund are not liabilities of MGL or any of its subsidiaries or affiliates and are subject to investment risk, including loss of income and equity invested or delays in redemption. None of MPML, the Fund or any MGL entity guarantees the performance of the Fund, the distributions from the Fund or the redemption or repayment of capital from the Fund.

MPML, as the manager of the Fund, is entitled to fees for so acting. See "Related Party Transactions". MGL and its subsidiaries and affiliates (collectively, "MGL" or "Macquarie"), together with their respective officers and directors, may hold units in the Fund from time to time.

CONSOLIDATION AND COMPARISON OF OPERATING RESULTS

The following discussion and analysis compares the actual consolidated results of the Fund for the quarter and year ended December 31, 2007 with the results for the quarter and year ended December 31, 2006. The acquisition of Clean Power Income Fund ("CPIF") was completed on June 27, 2007. Results from CPIF are not included in the comparative figures for December 31, 2006. All amounts have been expressed in thousands of Canadian dollars unless otherwise stated.

Unaudited (in thousands of dollars, except for trust units and per trust unit amounts)	Quarter Ended December 31, 2007	Quarter Ended December 31, 2006	Year Ended December 31, 2007	Year Ended December 31, 2006
Revenue	41,823	25,622	122,811	89,940
Income before the following:	8,848	5,206	23,257	10,566
Unrealized gain (loss) on swap contracts	(204)	(291)	523	1,520
Unrealized gain on embedded derivative instruments	4,110	-	10,456	-
Net interest expense	(3,131)	(264)	(6,982)	(974)
Foreign exchange gain (loss)	182	-	(1,129)	-
Equity accounted income (loss) from long-term investments	692	(625)	(1,442)	(2,701)
Gain on debtor repayment of loan receivable	5,380	-	5,380	-
Income before income taxes	15,877	4,026	30,063	8,411
Current income tax expense	(1)	-	(5)	-
Future income tax recovery (expense)	18,801	-	(24,632)	-
Net income	34,677	4,026	5,426	8,411
Basic income per Unit	0.694	0.134	0.135	0.280
Cash flows from operating activities	7,694	6,853	29,663	21,044
Distributable cash[i]	20,394	10,003	48,785	34,058
Per Unit	0.408	0.333	1.210	1.133
Distributions declared to Unitholders[ii]	12,869	7,737	42,942	30,423
Per Unit	0.257	0.257	1.030	1.012
Payout ratio[iii]	63%	77%	88%	89%
Basic weighted average number of trust units and Class B exchangeable units outstanding (Units)	49,978	30,048	40,333	30,048
Total assets	797,952	297,392	797,952	297,392
Total long-term liabilities	361,887	37,668	361,887	37,668
Sale of electricity (MWh)[iv]	562,595	334,428	1,687,059	1,227,214
Sale of steam (MM lbs)	186,747	168,332	697,620	676,014
Average total occupancy	99.0%	95.4%	98.4%	95.3%
Average preferred occupancy	87.1%	80.7%	83.2%	79.0%

[i] See "Distributable Cash and Payout Ratio" for a reconciliation of distributable cash to cash flows from operating activities for the quarter and year to date. 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] Total sale of electricity for the year ended December 31, 2007 includes operating results of the newly acquired assets only from the date of acquisition.

Revenue

Revenue for the quarter and year ended December 31, 2007 was $41,823 (Q4 2006 - $25,622) and $122,811 (YTD - $89,940), respectively. The increase reflected a full quarter and six months of operating results from the wind, hydro and biomass power assets acquired on June 27, 2007, higher power prices from continued increases in the Direct Customer Rate ("DCR") as well as increased production at the Cardinal facility as the plant had a routine major maintenance outage in 2006. Total power generation for the quarter and year was 562,595 MWh (2006 Q4 – 334,428 MWh) and 1,687,059 MWh (YTD 2006 – 1,227,214 MWh), respectively, reflecting an increase of 68% and 37%, respectively, from the same period last year.

Income before the following

Income before unrealized gains and losses on swap contracts and embedded derivatives, net interest expense, foreign exchange, equity accounted investments, gain on debtor repayment of loan receivable and taxes for the quarter and year ended December 31, 2007 was $3,642 and $12,691 higher, respectively, than the same period last year. The increase reflected the impact of increased revenue, offset by higher operating costs at the Cardinal facility due to increased fuel usage and higher transportation charges. Administrative expenses for the quarter and year also increased as a result of higher incentive fees as cash flows generated from the newly acquired assets increased the Fund's distributable cash. Management fees and cost reimbursement charges also increased as the Fund required more support services in finance and asset management during the year.

Unaudited (in thousands of dollars unless otherwise noted)	Quarter Ended December 31, 2007	Quarter Ended December 31, 2006	Year Ended December 31, 2007	Year Ended December 31, 2006
Management and administrative fees	462	302	1,518	1,170
Cost reimbursement[(i)]	766	344	2,138	1,393
Incentive fee	2,821	970	3,498	1,847
Other administrative expenses	543	539	2,623	2,753
Administrative expenses	4,592	2,155	9,777	7,163

[(i)] In addition to the cost reimbursement included in administrative expenses for the year ended December 31, 2007, $55 of cost reimbursement was recorded in capital assets and $436 was capitalized as transaction costs in connection with the acquisition of CPIF. 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

From time to time, Cardinal does not produce electricity, such as when the plant is shut down to perform regularly scheduled maintenance. As a result, the plant has excess natural gas that it sells to mitigate the loss of revenue due to reduced electricity production. The sale of excess natural gas exposes the Fund to gas price volatility caused by fluctuations in the market rates for natural gas. To stabilize the cash flows from excess gas sales, Cardinal entered into gas swap contracts.

The Fund has an interest rate swap contract on a notional amount of $20,000 to mitigate some of the refinancing risk associated with the Erie Shores Wind Farm ("Erie Shores") project debt. Under the contract, the Fund will pay a fixed rate of 5.5% for a period of five years from December 1, 2011 to December 1, 2016. In return, the Fund will be paid a floating rate equal to the then current three-month Bankers' Acceptance ("BA") rate.

Unaudited (in thousands of dollars unless otherwise noted)	Quarter Ended December 31, 2007	Quarter Ended December 31, 2006	Year Ended December 31, 2007	Year Ended December 31, 2006
Unrealized (loss) gain on gas swap contracts	(70)	(291)	1,032	1,520
Unrealized loss on interest rate swap contract	(134)	-	(509)	-
Total unrealized (loss) gain on swap contracts	(204)	(291)	523	1,520

The fair values of the swap contracts have been recorded on the consolidated statement of financial position for the quarter and year ended December 31, 2007. Since these swap contracts do not meet the effectiveness criteria for hedge accounting, the movement in the fair value of these contracts has been reflected in the consolidated statement of operations for the quarter and year ended December 31, 2007.

Unrealized Gain on Embedded Derivative Instruments

On the adoption of the new accounting pronouncements for financial instruments (Section 3855), the Fund identified that the gas supply contract for the Cardinal facility contains embedded derivative features. The Fund has determined that these embedded derivative features, which include mitigation options and electricity indexing features within the contract, require separation and measurement at fair value. The determination of fair value of these embedded derivatives requires significant judgment based on management estimates and assumptions. The major assumptions that impact the value of the reported asset and liability include forecasts to 2015 for gas prices and volatility, foreign exchange, the Ontario Electricity Financial Corporation's ("OEFC") DCR, gas volumes and sales, and fixed and variable gas transportation costs. Changes in one or a combination of these estimates can have a significant impact on the fair value of the embedded derivatives given the volume of gas and length of contract involved. Management revises these estimates as new information becomes available.

As of December 31, 2007, the embedded derivative asset and liability recorded at fair value were $17,718 and $13,658, respectively.

Unaudited (in thousands of dollars unless otherwise noted)	Quarter Ended December 31, 2007	Quarter Ended December 31, 2006	Year Ended December 31, 2007	Year Ended December 31, 2006
Unrealized gain on embedded derivative asset	2,958	-	718	-
Unrealized gain on embedded derivative liability	1,152	-	9,738	-
Total unrealized gain on embedded derivative instruments	4,110	-	10,456	-

Net Interest Expense

Net interest expense consists of interest income earned on loans receivable and cash balances, offset by interest expense incurred in the quarter and year ended December 31, 2007.

The Fund charges interest on its loans receivable from Chapais. These loans bear interest at rates ranging from 0% to 10.8% and mature in December 2015.

The Fund's long-term debt consists of a $35,000 term loan for Cardinal; $3,000 on a revolving facility and $47,000 on a term facility for CPOT; and $115,900 in project debt for Erie Shores bearing interest that ranges from 5.05% to 5.96%.

The Fund also has 6.75% convertible unsecured subordinated debentures ("the Debentures") outstanding due on December 31, 2010. Interest is paid semi-annually in arrears on June 30 and December 31 of each year.

Foreign Exchange (Loss) Gain

The foreign exchange gain for the quarter ended December 31, 2007 and foreign exchange loss for the year ended December 31, 2007 in the consolidated statement of operations represent amounts recognized in the translation of the U.S. Wind Loan from U.S. into Canadian dollars.

Equity Accounted Income (Loss) from Long-term Investments

The Fund has an indirect 45% interest in Leisureworld and an indirect 31.3% interest in one of the two classes of preferred shares in Chapais, which are accounted for using the equity method. Included in the consolidated statement of operations for the quarter and year ended December 31, 2007 is equity accounted income of $746 (Q4 2006 – loss of $625) and loss of $1,286 (YTD 2006 – loss of $2,701), respectively, from Leisureworld and equity accounted loss of $54 (Q4 2006 - $nil) and $156 (YTD 2006 - $nil), respectively, from Chapais.

Gain on Debtor Repayment of Loan Receivable

On December 7, 2007, the Fund entered into a termination agreement with Caithness, whereby Caithness repaid the U.S. Wind Loan from the Fund for total proceeds of US$22,000 (CAD$22,125). The Fund realized a gain of $5,380 on the repayment.

Income Taxes

Bill C-52, which was passed into law on June 22, 2007, requires the Fund to be taxable starting in 2011. As a result, future income tax assets and liabilities have been recognized 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, 2007, the Fund recorded a future income tax recovery of $18,801 and a future income tax expense of $24,632, respectively.

Cash Flows from Operating Activities

Cash flows from operating activities were higher for the quarter and year ended December 31, 2007 by $841 and $8,619, respectively, compared with the same period last year. The increase was primarily due to an increase in earnings before non-cash expense items offset by higher interest expense for the quarter and year compared with the same periods last year and changes in working capital.

Distributable Cash and Payout Ratio

Distributable cash and payout ratio are not recognized performance measures under GAAP. Many Canadian income funds, such as the Fund, use distributable cash and payout ratio as indicators of financial performance. Distributable cash and payout ratio may differ from similar computations as reported by other issuers, and accordingly, may not be comparable to distributable cash and payout ratio as reported by such issuers. The Fund believes that distributable cash and payout ratio are useful supplemental measures that may assist investors in assessing the Fund's financial performance. Payout ratio is defined as distributions declared as a proportion of distributable cash.

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. Cash flows from operating activities are adjusted for changes in the reserve accounts, non-discretionary receipts and payments on debt and distributions received from Leisureworld. In addition, the impact of changes in non-cash working capital is excluded (the movements in trade-related current assets and liabilities) 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. The gain on debtor repayment of the loan receivable has been included in distributable cash for the period on the basis that the cash gain represents value in excess of the carrying value and equates the interest income that would otherwise have been received by the Fund had the loan been held to maturity.

The nature of power infrastructure assets requires scheduled maintenance programs to optimize their 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 could 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 quarter and year ended December 31, 2007, distributable cash exceeded distributions. Given seasonal fluctuations in revenue and the timing of cash flows associated with working capital items, it is possible for monthly distributions to exceed distributable cash from time to time. In such a situation, the variance is funded from the Fund's existing cash resources. On an annual basis, the Fund expects distributable cash to exceed distributions paid to unitholders.

In any given period, the amount of distributions declared will exceed the net earnings and cash flows from operations as a result of non-cash charges, most significantly, amortization and non-cash movements in future income taxes and embedded derivative balances. Except for allocations to capital expenditures and major maintenance reserve accounts, the Fund does not retain additional amounts for these non-cash balances as movements in these balances do not require periodic investments to maintain existing levels of activity. The amount of distributions declared will also exceed cash flow from operations in any given period as a result of distributions received from Leisureworld, which is excluded from the calculation of cash flow from operations.

Unaudited (in thousands of dollars, except for trust units and per trust unit amounts)	Quarter Ended December 31, 2007	Quarter Ended December 31, 2006	Year Ended December 31, 2007	Year Ended December 31, 2006
Cash flows from operating activities	7,694	6,853	29,663	21,044
Maintenance of productive capacity:				
Release from major maintenance reserve account	549	3	980	4,294
Allocation to major maintenance reserve account	(747)	(592)	(2,726)	(2,368)
Allocation to capital expenditure reserve account	(255)	(101)	(719)	(404)
	7,241	6,163	27,198	22,566
Other adjustments:				
Scheduled repayment of debt	(922)	-	(1,582)	-
Scheduled receipt of loans receivable	149	-	295	-
Gain on debtor repayment of loan receivable	5,380	-	5,380	-
Distributions received from Leisureworld	2,588	2,588	10,350	10,350
Changes in working capital	5,958	1,252	7,144	1,142
Distributable cash for the period [i]	20,394	10,003	48,785	34,058
Per Unit	0.408	0.333	1.210	1.133
Distributions declared to Unitholders[ii]	12,869	7,737	42,942	30,423
Per Unit	0.257	0.257	1.030	1.012
Payout ratio [iii]	63%	77%	88%	89%
Basic Units outstanding	49,978	30,048	40,333	30,048

[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, 2007, distributable cash was $20,394 and $48,785, respectively (2006 Q4 - $10,003, 2006 YTD - $34,058). The Fund declared distributions to unitholders of $12,869 (2006 Q4 - $7,737) for the quarter and $42,942 (2006 YTD - $30,423) for the year. This represents a payout ratio of 63% (2006 Q4 – 77%) for the quarter and 88% for the year (2006 YTD – 89%). The payout ratio was lower in the fourth quarter compared with the same period last year as a result of higher cash flows generated from the operations of the newly acquired assets as well as a $5,380 gain on the repayment of the Fund's U.S. Wind Loan by Caithness Western Wind Holdings LLC ("Caithness").

The annual payout ratio in 2007 was slightly lower than the prior year, primarily due to cash flows generated from the newly acquired assets and the $5,380 gain on the U.S. Wind Loan, offset by higher distributions declared in the year. Distributions declared in the year increased due to an increase in the number of units outstanding as a result of the CPIF acquisition, which was completed through a unit exchange takeover. In addition, due to the timing of the transaction on June 27, 2007, the former CPIF unitholders were unitholders of the Fund as of June 30, 2007, the record date for the June distribution payment and were eligible to receive the distribution for the month of June. As a result, the newly acquired assets did not make a significant contribution to the Fund's cash flow in that period.

HIGHLIGHTS BY OPERATING SEGMENT

The discussion and analysis of the Fund's summarized results is organized by principal operating segment: power infrastructure and social infrastructure.

Unaudited (in thousands of dollars unless otherwise noted)	Quarter Ended December 31, 2007			Quarter Ended December 31, 2006		
	Power	Social	Total	Power	Social	Total
Revenue	41,823	-	41,823	25,622	-	25,622
Operating expenses	20,645	-	20,645	15,115	-	15,115
Contribution margin	21,178	-	21,178	10,507	-	10,507
Interest income on loans receivable [i]	587	-	587	-	-	-
Gain on debtor repayment of loan receivable	5,380	-	5,380	-	-	-
The Fund's pro rata share of equity accounted income (loss)[ii]	(54)	746	692	-	(625)	(625)
Depreciation and amortization of capital assets	5,247	-	5,247	1,946	-	1,946
Sale of electricity (MWh)	562,595	-	562,595	334,428	-	334,428
Sale of steam (MM lbs)	186,747	-	186,747	168,332	-	168,332
Average total occupancy	-	99.0%	-	-	95.4%	-
Average preferred occupancy	-	87.1%	-	-	80.7%	-

[i] The Fund's interest income consists of interest earned on the U.S. Wind Loan and Chapais loans for the period. This amount is included in net interest expense on the consolidated statement of operations.

[ii] The Fund's investments consist of a 31.3% interest in one of the two classes of preferred shares in Chapais and a 45% equity interest in Leisureworld.

Unaudited (in thousands of dollars unless otherwise noted)	Year Ended December 31, 2007			Year Ended December 31, 2006		
	Power	Social	Total	Power	Social	Total
Revenue	122,811	-	122,811	89,940	-	89,940
Operating expenses	69,860	-	69,860	59,670	-	59,670
Contribution margin	52,951	-	52,951	30,270	-	30,270
Interest income on loans receivable [i]	1,368	-	1,368	-	-	-
Gain on debtor repayment of loan receivable	5,380	-	5,380	-	-	-
The Fund's pro rata share of equity accounted loss [ii]	(156)	(1,286)	(1,442)	-	(2,701)	(2,701)
Depreciation and amortization of capital assets	14,310	-	14,310	7,741	-	7,741
Sale of electricity (MWh)	1,687,059	-	1,687,059	1,227,214	-	1,227,214
Sale of steam (MM lbs)	697,620	-	697,620	676,014	-	676,014
Average total occupancy	-	98.4%	-	-	95.3%	-
Average preferred occupancy	-	83.2%	-	-	79.0%	-

[i] The Fund's interest income consists of interest earned on the U.S. Wind Loan and Chapais loans for the period. This amount is included in net interest expense on the consolidated statement of operations.

[ii] The Fund's investments consist of a 31.3% interest in one of the two classes of preferred shares in Chapais and a 45% equity interest in Leisureworld.

Power Infrastructure

The power infrastructure segment includes gas cogeneration, wind, hydro and biomass power generation assets. Power assets are diversified by fuel source, and have a weighted average remaining power purchase agreement ("PPA") term of approximately 12 years. The operating results of the Fund's power infrastructure assets are provided in the analysis below:

Gas Cogeneration Operations:

Unaudited (in thousands of dollars unless otherwise noted)	Quarter Ended December 31, 2007	Quarter Ended December 31, 2006	Year Ended December 31, 2007	Year Ended December 31, 2006
Revenue	26,966	25,622	98,589	89,940
Operating expenses	16,415	15,115	61,547	59,670
Contribution margin	10,551	10,507	37,042	30,270
Depreciation and amortization of capital assets	1,956	1,946	7,785	7,741
Sale of electricity (MWh)	336,549	334,428	1,291,876	1,227,214
Sale of steam (MW lbs)	186,747	168,332	697,620	676,014

Cardinal's revenue for the fourth quarter increased by $1,344 from the same period last year due to continued increases in the DCR rate, and higher production in the quarter due to fewer outages. Cardinal's availability for the quarter was 98.9% (2006 – 98.9%) and the capacity factor was 98.2% (2006 – 96.6%), with 24 hours (2006 – 23 hours) of outages and no curtailment hours (2006 – nil). During an outage, the plant does not generate any electricity. Included in total revenue is steam revenue of $288 (YTD - $787), which also increased from the same period last year (2006 Q4 - $256, YTD 2006 - $772) due to greater steam requirements by Canada Starch Operating Company ("CASCO").

Operating costs for the quarter were $1,300 higher in 2007 compared with the same period last year due primarily to increased fuel usage and higher transportation charges. Contribution margin for the year ended December 31, 2007 was $6,772 higher than the prior year as a result of a routine major maintenance outage totalling 496.2 hours, which took place in the second quarter of 2006 and resulted in reduced generation of electricity. Operating expenses for the same period were also reduced but offset by costs associated with the outage.

Wind Power Operations:

Unaudited (in thousands of dollars unless otherwise noted)	Quarter Ended December 31, 2007			Quarter Ended December 31, 2006		
	Erie Shores	U.S. Wind Loan	Total Wind	Erie Shores	U.S. Wind Loan	Total Wind
Revenue	7,452	-	7,452	-	-	-
Operating expenses	1,482	-	1,482	-	-	-
Contribution margin	5,970	-	5,970	-	-	-
Interest income on loans receivable	-	378	378	-	-	-
Gain on debtor repayment of loan receivable	-	5,380	5,380	-	-	-
Depreciation and amortization of capital assets	2,358	-	2,358	-	-	-
Sale of electricity (MWh)	75,398	-	75,398	-	-	-
Full quarter sale of electricity (MWh)[i]	75,398	-	75,398	73,047	-	73,047

[i] Included in the full quarter sale of electricity are operating results of the assets acquired on June 27, 2007 for the periods indicated. These results are provided solely for comparison purposes and do not change the results as reported by the Fund, which only includes operating results from June 27, 2007.

Unaudited (in thousands of dollars unless otherwise noted)	Year Ended December 31, 2007			Year Ended December 31, 2006		
	Erie Shores	U.S. Wind Loan	Total Wind	Erie Shores	U.S. Wind Loan	Total Wind
Revenue	10,301	-	10,301	-	-	-
Operating expenses	2,921	-	2,921	-	-	-
Contribution margin	7,380	-	7,380	-	-	-
Interest income on loans receivable	-	937	937	-	-	-
Gain on debtor repayment of loan receivable	-	5,380	5,380	-	-	-
Depreciation and amortization of capital assets	4,236	-	4,236	-	-	-
Sale of electricity (MWh)	103,400	-	103,400	-	-	-
Full year sale of electricity (MWh)[(i)]	243,423	-	243,423	120,889	-	120,889

[(i)] Included in the full year sale of electricity are operating results of the assets acquired on June 27, 2007 for the periods indicated. These results are provided solely for comparison purposes and do not change the results as reported by the Fund, which only include operating results from June 27, 2007.

Erie Shores

Erie Shores started generating revenue and achieved commercial operation under the PPA with the Ontario Power Authority ("OPA") during the second quarter of 2006. Therefore, MWh production for the year ended December 31, 2006 is not indicative of actual operations and is not directly comparable to production for the year ended December 31, 2007.

For the quarter, Erie Shores' availability was 98.3% (Q4 2006 – 94.8%). The 3.7% increase in availability was due to an outage required to perform one-time testing in November 2006 to validate the equipment as required by the Independent Electricity System Operator ("IESO"). The average wind speed at the site during the quarter was 4.1% lower than the same period last year. The lower wind speed was offset by improved availability. As a result, Erie Shores' production of 75,398 MWh (Q4 2006 – 73,047 MWh) was 3.2% higher than the same period last year. Erie Shores achieved a capacity factor of 34.5% (Q4 2006 – 33.4%) for the quarter.

U.S. Wind Loan Receivable

On December 7, 2007, the Fund entered into a termination agreement with Caithness, whereby Caithness repaid the U.S. Wind Loan from the Fund for total proceeds of US$22,000 (CAD$22,125). The Fund realized a gain of $5,380 on the repayment. The proceeds were used to pay down $18,000 of debt. Interest of $378 was received during the fourth quarter up to and including the date of repayment.

Hydro Power Operations:

Unaudited (in thousands of dollars unless otherwise noted)	Quarter Ended December 31,		Year Ended December 31,	
	2007	2006	2007	2006
Revenue	4,201	-	7,031	-
Operating expenses	961	-	1,878	-
Contribution margin	3,240	-	5,153	-
Depreciation and amortization of capital assets	450	-	1,114	-

Sale of electricity (MWh) Facility	Quarter Ended December 31, 2007	2006	Year Ended December 31, 2007	2006
Sechelt	22,373	17,769	92,227	82,602
Hluey Lakes	2,155	2,107	7,035	6,798
Wawatay	22,492	5,823	60,938	34,895
Dryden	5,893	888	14,100	14,594
Full period sale of electricity[(i)]	52,913	26,587	174,300	138,889
Sale of electricity	52,913	-	89,112	-

[(i)] Included in the full period sale of electricity are operating results of the assets acquired on June 27, 2007 for the periods indicated. These results are provided solely for comparison purposes and do not change the results as reported by the Fund, which only include operating results from June 27, 2007.

Production for the quarter increased 99% from the same period last year to 52,913 MWh (Q4 2006 – 26,587 MWh), due to increased water flows at all facilities. Water flows were slightly above historical average levels at the Ontario plants and well above the extremely dry conditions experienced during 2006. The hydro power facilities operated at a weighted average availability of 99.5% for the quarter (Q4 2006 – 98.9%) and achieved a capacity factor of 67.4% (Q4 2006 – 33.7%). Overall availability for the quarter improved over the same period last year due to BC Hydro line outages at the Sechelt facility in 2006. The fourth quarter availability in 2007 was partially offset by outages at the Dryden facility to allow for Hydro One to complete maintenance.

Biomass Operations:

Unaudited (in thousands of dollars unless otherwise noted)	Quarter Ended December 31, 2007			Quarter Ended December 31, 2006		
	Whitecourt	Chapais	Total Biomass	Whitecourt	Chapais	Total Biomass
Revenue	3,204	-	3,204	-	-	-
Operating expenses	1,787	-	1,787	-	-	-
Contribution margin	1,417	-	1,417	-	-	-
Depreciation and amortization of capital assets	483	-	483	-	-	-
The Fund's pro rata share of equity accounted loss	-	(54)	(54)	-	-	-
Interest income on loans receivable	-	209	209	-	-	-

Unaudited (in thousands of dollars unless otherwise noted)	Year Ended December 31, 2007			Year Ended December 31, 2006		
	Whitecourt	Chapais	Total Biomass	Whitecourt	Chapais	Total Biomass
Revenue	6,890	-	6,890	-	-	-
Operating expenses	3,514	-	3,514	-	-	-
Contribution margin	3,376	-	3,376	-	-	-
Depreciation and amortization of capital assets	1,175	-	1,175	-	-	-
The Fund's pro rata share of equity accounted loss	-	(156)	(156)	-	-	-
Interest income on loans receivable	-	431	431	-	-	-

Sale of electricity (MWh)	Quarter Ended December 31,		Year Ended December 31,	
Asset/Facility	2007	2006	2007	2006
Whitecourt	47,587	50,497	192,080	203,682
Chapais	50,148	50,826	218,955	219,961
Full period sale of electricity[i]	97,735	101,323	411,035	423,643
Sale of electricity	97,735	-	202,671	-

[i] Included in the full period sale of electricity are operating results of the assets acquired on June 27, 2007 for the periods indicated. These results are provided solely for comparison purposes and do not change the results as reported by the Fund, which only include operating results from June 27, 2007.

Whitecourt

During the quarter, the Whitecourt facility operated at an availability of 89.3% (Q4 2006 – 95.7%) and achieved a capacity factor of 89.0% (Q4 2006 – 95.3%). The availability was lower compared with the same period last year due to forced outages of approximately 243 hours (Q4 2006 – nil) to repair tube leaks. Production for the quarter was 47,587 MWh (Q4 2006 - 50,497 MWh), reflecting lower availability. During the quarter, approximately 14.5% (Q4 2006 – 13.7%) of Whitecourt production was not contracted under a long-term PPA and sold into the Alberta Power Pool. The average power pool price per MWh received during the quarter was $61.14 (Q4 2006 - $116.81).

Chapais

The Chapais facility operated at 88.1% availability for the quarter (Q4 2006 – 85.6%), reflecting 263 hours (Q4 2006 – 317 hours) of outages. Chapais' production was 50,148 MWh for the quarter (Q4 2006 – 50,826 MWh). While production may vary throughout the quarters, annual production has historically approximated the maximum provision as per the PPA. 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

As at December 31, 2007, Leisureworld owned and operated 19 long-term care ("LTC") homes (3,187 beds), one retirement home (29 beds) and one independent living home (53 beds) located in the Province of Ontario. In addition, through various entities Leisureworld operates two related businesses, Preferred Health Care Services ("PHCS"), 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.

Subsequent to quarter end, on January 31, 2008, Leisureworld completed its acquisition of seven Class C LTC homes from a wholly-owned subsidiary of Counsel Corporation, upon receipt of regulatory approval from the Ministry of Health and Long-Term Care ("MOHLTC"). As a result of this transaction, Leisureworld's LTC portfolio currently includes 4,314 beds, representing a market share of approximately 5.6%, thereby making Leisureworld the third-largest provider of long-term care in Ontario.

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.

Unaudited (in thousands of dollars unless otherwise noted)	Quarter Ended December 31, 2007	Quarter Ended December 31, 2006	Year Ended December 31, 2007	Year Ended December 31, 2006
Revenue	47,706	46,987	181,725	172,054
Net income (loss)	1,657	(1,388)	(2,859)	(6,002)
The Fund's pro rata share of equity accounted (loss) income	746	(624)	(1,286)	(2,701)
Distributions paid to the Fund	2,588	2,588	10,350	10,350
Average total occupancy	99.0%	95.4%	98.4%	95.3%
Average preferred occupancy	87.1%	80.7%	83.2%	79.0%

For the quarter ended December 31, 2007, Leisureworld generated revenue of $47,706 compared with $46,987 for the same period last year. The $719 increase was primarily due to higher occupancy, increased preferred accommodation and a 4.5% increase in government funding rates compared with the same period last year. Operating and administrative expenses for the quarter were $292 higher than the same period last year, reflecting the increase in occupancy and associated increases in staff and operating costs at the homes that were ramping up to full occupancy towards the end of 2006.

Net income for the quarter at Leisureworld was $1,657 compared with a net loss of $1,388 in the same period last year. The increase in net income was partly due to increased income from operations resulting from higher occupancy, an increase in accommodation funding rates, increases in the preferred accommodation mix and a decrease in property tax estimates. Lower amortization and impairment charges also led to an increase in net income.

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 net income before tax for the quarter and year ended December 31, 2007.

Unaudited (in thousands of dollars unless otherwise noted)	Quarter Ended December 31, 2007	Quarter Ended December 31, 2006	Year Ended December 31, 2007	Year Ended December 31, 2006
Income before income taxes	15,877	4,026	30,063	8,411
Unrealized (gain) loss on swap contracts	204	291	(523)	(1,520)
Unrealized gain on embedded derivative instruments	(4,110)	-	(10,456)	-
Foreign exchange (gain) loss	(182)	-	1,129	-
Net interest expense	3,131	264	6,982	974
Equity accounted (income) loss from long-term investments	(692)	625	1,442	2,701
Gain on debtor repayment of loan receivable	(5,380)	-	(5,380)	-
	8,848	5,206	23,257	10,566
Administrative expenses	4,592	2,155	9,777	7,163
Depreciation and amortization	7,738	3,146	19,917	12,541
Contribution margin	21,178	10,507	52,951	30,270

LIQUIDITY AND FINANCIAL RESOURCES

The Fund expects to meet all of its operating obligations in 2008 and to make distributions to unitholders from cash flow generated from operating activities and distributions received from Leisureworld. The Fund had positive working capital of $31,183 as at December 31, 2007 (December 31, 2006 - $19,151). As at December 31, 2007, cash on hand totalled $21,934 (December 31, 2006 - $12,142), of which $3,306 (December 31, 2006 - $5,868) was not designated for major maintenance, capital expenditure or general reserves.

Unaudited (In thousands of dollars unless otherwise noted)	Credit Limits	Amounts Authorized or Drawn	Available
Cardinal Credit Facility	50,000	35,000	15,000
CPOT Credit Facility[i]	150,000	52,533	97,467

[i] Included in the amounts authorized or drawn are three letters of credit totalling $2,533 for Erie Shores.

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 for 2008.

Unaudited (In thousands of dollars unless otherwise noted)	December 31, 2007	December 31, 2006
Major maintenance reserve	10,966	2,219
Capital expenditure reserve	2,662	1,055
General reserve	5,000	3,000
Total reserve accounts	18,628	6,274
Other cash and cash equivalents	3,306	5,868
Total cash and cash equivalents	21,934	12,142

SEASONALITY

Since Cardinal has a long-term PPA with the OEFC and gas purchase contracts with fixed prices, 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 lower power rates during the six-month period from April to September (and higher rates from October to March), which is reflected in the variations in quarterly results.

In addition, Cardinal generally performs its 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. Exposure to fluctuations in the market prices of gas from these sales of surplus gas are 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 facilities fluctuates with the natural water flows of the respective watersheds. During the spring and autumn periods, water flows are generally greater than during the winter and summer periods.

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.

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 results 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 the PPA with Hydro Quebec may result in fluctuations in revenue and net income during the year.

The Fund maintains reserve accounts and free cash in order to offset the seasonality and other factors that may impact electricity production. Management believes that the active management of the reserve accounts and free cash is expected to be sufficient to maintain level monthly distributions to unitholders throughout the coming years.

SUPPLEMENTAL QUARTERLY INFORMATION

Selected Consolidated Financial and Operating Information of the Fund

Unaudited (in thousands of dollars, except per trust unit amounts) For the quarters ended	Dec 31, 2007	Sept 30, 2007	Jun 30, 2007	Mar 31, 2007	Dec 31, 2006	Sept 30, 2006	Jun 30, 2006	Mar 31, 2006
Revenue	41,823	30,432	21,587	28,969	25,622	20,356	16,278	27,684
Net income (loss)	34,677	(4,947)	(31,662)	7,358	4,026	2,252	(1,473)	3,606
Cash flows from operating activities	7,694	(2,567)	7,249	17,287	6,853	(2,303)	2,206	14,288
Distributable cash [i]	20,394	8,991	7,331	12,068	10,003	6,947	6,308	10,800
Distributions declared to Unitholders	12,869	12,882	9,454	7,737	7,737	7,662	7,512	7,512
Basic net income (loss) per Unit	0.694	(0.099)	(1.024)	0.245	0.134	0.075	(0.049)	0.120
Cash flows from operating activities per Unit	0.154	0.051	0.234	0.575	0.228	(0.077)	0.073	0.476
Distributable cash per Unit	0.408	0.180	0.237	0.402	0.333	0.231	0.210	0.359
Distributions declared per Unit [ii]	0.257	0.257	0.257	0.257	0.257	0.255	0.250	0.250

[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

(Unaudited, in thousands of dollars)

	December 31, 2007	December 31, 2006
Current Assets		
Cash and cash equivalents	21,934	12,142
Accounts receivable	25,516	18,021
Inventory	1,055	191
Prepaid expenses and borrowing costs	5,048	1,634
Current portion of loans receivable	641	-
Deferred charges	442	-
Cash in escrow related to GRS	5,695	-
	60,331	31,988
Loans receivable	7,612	-
Long-term investments	67,428	77,592
Capital assets	432,311	134,603
Electricity supply and gas purchase contracts	87,821	35,186
Water rights	71,928	-
Embedded derivative asset	17,718	-
Future income tax asset	10,509	-
Goodwill	42,294	18,023
Total Assets	797,952	297,392
Current Liabilities		
Accounts payable and accrued liabilities	15,730	10,258
Distributions payable	4,289	2,579
Current portion of long-term debt	2,778	-
Current portion of capital lease obligations	181	-
Swap contracts at fair value	475	-
Accounts payable and accrued liabilities related to GRS	5,695	-
	29,148	12,837
Long-term debt	197,422	35,000
Convertible debentures	38,918	-
Levelization amounts	18,262	-
Capital lease obligations	555	-
Future income tax liability	79,517	-
Embedded derivative liability	13,658	-
Swap contracts at fair value	662	1,507
Liability for asset retirement	1,475	1,161
Electricity supply and gas purchase contracts	11,418	-
Total Liabilities	391,035	50,505
Unitholders' Equity	406,917	246,887
Total Liabilities and Unitholders' Equity	797,952	297,392

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

(Unaudited, in thousands of dollars)

	Unitholders' Capital	Class B Exchangeable Units	Accumulated Other Comprehensive Income (Loss)	Cumulative Earnings (Loss)	Total Comprehensive Income (Loss)	Cumulative Distributions	Total
Balance, December 31, 2006, as reported	253,476	35,500	-	24,017	24,017	(66,106)	246,887
Opening transitional adjustment on adoption of new accounting standards:							
Equity share of other comprehensive income of Leisureworld	-	-	1,832	-	1,832	-	1,832
Fair value of embedded derivatives	-	-	-	(17,612)	(17,612)	-	(17,612)
Adjusted balance, December 31, 2006	253,476	35,500	1,832	6,405	8,237	(66,106)	231,107
Net income for the quarter ended March 31, 2007	-	-	-	7,358	7,358	-	7,358
Equity share of other comprehensive loss of Leisureworld	-	-	(51)	-	(51)	-	(51)
Distributions declared to Unitholders for the quarter ended March 31, 2007	-	-	-	-	-	(7,737)	(7,737)
Balance, March 31, 2007	253,476	35,500	1,781	13,763	15,544	(73,843)	230,677
Trust unit issuance (net of issuance costs of $400)	214,272	-	-	-	-	-	214,272
Net loss for the quarter ended June 30, 2007	-	-	-	(31,662)	(31,662)	-	(31,662)
Equity share of other comprehensive loss of Leisureworld	-	-	(51)	-	(51)	-	(51)
Distributions declared to Unitholders for the quarter ended June 30, 2007	-	-	-	-	-	(9,454)	(9,454)
Balance, June 30, 2007	467,748	35,500	1,730	(17,899)	(16,169)	(83,297)	403,782
Equity share of other comprehensive loss of Leisureworld	-	-	(51)	-	(51)	-	(51)
Net loss for the quarter ended September 30, 2007	-	-	-	(4,947)	(4,947)	-	(4,947)
Distributions declared to Unitholders for the quarter ended September 30, 2007	-	-	-	-	-	(12,882)	(12,882)
Trust units redeemed	(667)	-	-	-	-	-	(667)
Balance, September 30, 2007	467,081	35,500	1,679	(22,846)	(21,167)	(96,179)	385,235
Equity share of other comprehensive loss of Leisureworld	-	-	(51)	-	(51)	-	(51)
Net income for the quarter ended December 31, 2007	-	-	-	34,677	34,677	-	34,677
Distributions declared to Unitholders for the quarter ended December 31, 2007	-	-	-	-	-	(12,869)	(12,869)
Trust units redeemed	(75)	-	-	-	-	-	(75)
Balance, December 31, 2007	467,006	35,500	1,628	11,831	13,459	(109,048)	406,917

MACQUARIE POWER & INFRASTRUCTURE INCOME FUND
CONSOLIDATED STATEMENT OF OPERATIONS

(Unaudited, in thousands of dollars)

	Quarter Ended December 31, 2007	Quarter Ended December 31, 2006	Year Ended December 31, 2007	Year Ended December 31, 2006
Revenue	41,823	25,622	122,811	89,940
Costs and expenses				
Operating costs	20,645	15,115	69,860	59,670
Administrative expenses	4,592	2,155	9,777	7,163
Depreciation and amortization	7,738	3,146	19,917	12,541
	32,975	20,416	99,554	79,374
	8,848	5,206	23,257	10,566
Unrealized (loss) gain on swap contracts	(204)	(291)	523	1,520
Unrealized gain on embedded derivative instruments	4,110	-	10,456	-
Foreign exchange gain (loss)	182	-	(1,129)	-
Net interest expense	(3,131)	(264)	(6,982)	(974)
Equity accounted income (loss) from long-term investments	692	(625)	(1,442)	(2,701)
Gain on debtor repayment of loan receivable	5,380	-	5,380	-
Income before income taxes	15,877	4,026	30,063	8,411
Current income tax expense	(1)	-	(5)	-
Future income tax recovery (expense)	18,801	-	(24,632)	-
Net income	34,677	4,026	5,426	8,411
Basic weighted average number of trust units and Class B exchangeable units outstanding (“Unit”)	49,978	30,048	40,333	30,048
Basic income per Unit	0.694	0.134	0.135	0.280

MACQUARIE POWER & INFRASTRUCTURE INCOME FUND
CONSOLIDATED STATEMENT OF CASH FLOWS

(Unaudited, in thousands of dollars)

	Quarter Ended December 31, 2007	Quarter Ended December 31, 2006	Year Ended December 31, 2007	Year Ended December 31, 2006
Cash flows from operating activities:				
Net income	34,677	4,026	5,426	8,411
Add back:				
Depreciation and amortization	7,738	3,146	19,917	12,541
Unrealized (gain) loss on swap contracts	204	291	(523)	(1,520)
Unrealized gain on embedded derivative instruments	(4,110)	-	(10,456)	-
Unrealized foreign exchange loss (gain)	(181)	-	1,067	-
Future income tax expense (recovery)	(18,801)	-	24,632	-
Premium on convertible debentures	-	-	158	-
Unpaid interest on levelization amounts	109	-	320	-
Amortization of deferred financing costs	63	-	125	-
Accretion of asset retirement obligations	25	17	79	53
Equity accounted (income) loss from long-term investments	(692)	625	1,442	2,701
Gain on debtor repayment of loan receivable	(5,380)	-	(5,380)	-
Non-cash changes in working capital				
Decrease (increase) in accounts receivable	(7,714)	(3,690)	475	(380)
Decrease (increase) in inventory	20	(64)	52	(98)
Decrease (increase) in prepaid expenses	(1,573)	124	(2,340)	(360)
Decrease in accrued interest on loans receivable	1	-	516	-
Increase in deferred charges	(442)	-	(442)	-
(Decrease) increase in accounts payable and accrued liabilities	3,750	2,378	(5,405)	(304)
Total cash flows from operating activities	7,694	6,853	29,663	21,044
Cash flows from investing activities:				
Repayment on loans receivable	149	-	295	-
Net cash acquired on acquisition	-	-	14,133	-
Transaction costs paid from acquisition	-	-	(13,233)	-
Proceeds from debtor repayment of loan receivable	22,125	-	22,125	-
Distributions received from long-term investments	2,588	2,588	10,350	10,350
Investment in capital assets	(205)	(95)	(370)	(783)
Total cash flows from investing activities	24,657	2,493	33,300	9,567
Cash flows from financing activities:				
Trust unit issuance costs	-	-	(400)	-
Proceeds from long-term debt	-	-	72,075	16
Repayment of long-term debt	(18,670)	-	(64,447)	-
Redemption of convertible debentures	-	-	(15,961)	-
Redemption of units	(75)	-	(742)	-
Repayment of lease obligations	(59)	-	(122)	-
Repayment of levelization amounts	(233)	-	(252)	-
Distributions paid to former CPIF Unitholders	-	-	(2,090)	-
Distributions paid to Unitholders	(12,869)	(7,737)	(41,232)	(30,223)
Total cash flows from financing activities	(31,906)	(7,737)	(53,171)	(30,207)
Increase in cash and cash equivalents	445	1,609	9,792	404
Cash and cash equivalents, beginning of period	21,489	10,533	12,142	11,738
Cash and cash equivalents, end of period	21,934	12,142	21,934	12,142
Supplemental information :				
Interest paid	6,015	544	9,440	1,885

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 21, 2007.

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:

Harry Atterton, Vice President and Chief Financial Officer, (416) 607 5198

FOR INVESTOR OR MEDIA INQUIRIES, PLEASE CONTACT:

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

EXCHANGE LISTING:

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

WEBSITE:

www.macquarie.com/mpt