

Edgar Filing: VERIZON COMMUNICATIONS INC - Form 13F-HR

VERIZON COMMUNICATIONS INC
Form 13F-HR
August 12, 2009

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

Form 13F

Form 13F COVER PAGE

Report for the Calendar Year or Quarter Ended: June 30, 2009

Check here if Amendment ; Amendment Number: _____

This Amendment (Check only one.) is a restatement.
 adds new holdings entries.

Institutional Investment Manager Filing this Report:

Name: Verizon Investment Management Corp.
Address: 1 Verizon Way, Building 7, 1st Floor South
Basking Ridge, New Jersey 07920

Form 13F File Number: 028-04063

The institutional investment manager filing this report and the person by whom it is signed hereby represent that the person signing the report is authorized to submit it, that all information contained herein is true, correct and complete, and that it is understood that all required items, statements, schedules, lists, and tables, are considered integral parts of this form.

Person Signing this Report on Behalf of Reporting manager:

Name: David L. Beik
Title: Chief Operating Officer
Phone: 908 559-5890

Signature, Place, and Date of Signing:

/s/ David L. Beik	Basking Ridge, New Jersey	8/12/09
-----	-----	-----
[Signature]	[City, State]	[Date]

Report Type (Check only one.):

- 13F HOLDINGS REPORT. (Check here if all holdings of this reporting manager are reported in this report.)
- 13F NOTICE. (Check here if no holdings reported are in this report, and all holdings are reported by other reporting manager(s).)
- 13F COMBINATION REPORT. (Check here if a portion of the holdings for this reporting manager are reported in this report and a portion are reported by other reporting manager(s).)

Form 13F SUMMARY PAGE

Edgar Filing: VERIZON COMMUNICATIONS INC - Form 13F-HR

Report summary:

Number of Other Included Managers: 1
 Form 13F Information Table Entry Total: 603
 Form 13F Information Table Value Total: 1,611,816.95
 (thousands)

List of Other Included Managers:

Provide a numbered list of the name(s) and Form 13F file number(s) of all institutional investment managers with respect to which this report is filed, other than the manager filing this report.

Goldman Sachs Prime Brokerage

VERIZON INVESTMENT MANAGEMENT CORP.

FORM 13F-SOLE INSTR V. NONE AUTHORITY
 30-JUN-09

ITEM 1:	ITEM 2:	ITEM 3:	ITEM 4:	ITEM 5:	ITEM 6:
					INV. DISCRETION
					(B)
					SHARED (C)
NAME OF ISSUER	TITLE OF CLASS	CUSIP NUMBER	PENSION FAIR MARKET VALUE (\$000)	SHARES OR PRINCIPAL AMOUNT	(A) SHARED AS DEF. INSTR. V OTHER
ALLIED WRLD ASSUR COM HLDG L	SHS	G0219G203	755.35	18,500	
ARCH CAP GROUP LTD	ORD	G0450A105	585.80	10,000	
ACCENTURE LTD BERMUDA	CL A	G1150G111	2,859.21	85,452	
COOPER INDS LTD	CL A	G24182100	1,124.00	36,200	
COVIDIEN PLC	SHS	G2554F105	1,746.42	46,646	
ENDURANCE SPECIALTY HLDGS LT	SHS	G30397106	1,205.68	41,150	
GARMIN LTD	ORD	G37260109	203.68	8,551	
INGERSOLL-RAND COMPANY LTD	CL A	G4776G101	688.78	32,956	
MARVELL TECHNOLOGY GROUP LTD	ORD	G5876H105	589.95	50,684	
RENAISSANCERE HOLDINGS LTD	COM	G7496G103	418.86	9,000	
SEAGATE TECHNOLOGY	SHS	G7945J104	429.55	41,066	
TRANSOCEAN LTD	REG SHS	H8817H100	557.17	7,500	
AFLAC INC	COM	001055102	3,788.34	121,851	
AGCO CORP	COM	001084102	578.48	19,900	
AES CORP	COM	00130H105	1,105.62	95,232	
AMR CORP	COM	001765106	106.21	26,422	
AT&T INC	COM	00206R102	15,455.44	622,200	
ABBOTT LABS	COM	002824100	16,559.24	352,025	
ACTIVISION BLIZZARD INC	COM	00507V109	1,465.64	116,045	
ADOBE SYS INC	COM	00724F101	3,378.22	119,372	
ADVANCE AUTO PARTS INC	COM	00751Y106	366.48	8,833	
AECOM TECHNOLOGY CORP DELAWA	COM	00766T100	280.54	8,767	
AEROPOSTALE	COM	007865108	1,053.93	30,754	
ADVANCED MICRO DEVICES INC	COM	007903107	105.62	27,293	
AETNA INC NEW	COM	00817Y108	2,074.42	82,812	
AFFILIATED COMPUTER SERVICES	CL A	008190100	1,070.68	24,104	
AFFILIATED MANAGERS GROUP	COM	008252108	222.80	3,829	

Edgar Filing: VERIZON COMMUNICATIONS INC - Form 13F-HR

AGILENT TECHNOLOGIES INC	COM	00846U101	1,082.72	53,310
AIR PRODS & CHEMS INC	COM	009158106	1,783.57	27,614
AKAMAI TECHNOLOGIES INC	COM	00971T101	307.43	16,029
ALBERTO CULVER CO NEW	COM	013078100	730.42	28,723
ALCOA INC	COM	013817101	1,209.99	117,135
ALEXION PHARMACEUTICALS INC	COM	015351109	312.92	7,612
ALLEGHENY ENERGY INC	COM	017361106	587.38	22,900
ALLEGHENY TECHNOLOGIES INC	COM	01741R102	838.32	24,000
ALLERGAN INC	COM	018490102	4,179.32	87,838
ALLIANCE DATA SYSTEMS CORP	COM	018581108	221.89	5,387
ALLIANT TECHSYSTEMS INC	COM	018804104	250.45	3,041
ALLSTATE CORP	COM	020002101	1,968.73	80,686
ALPHA NATURAL RESOURCES INC	COM	02076X102	318.33	12,118
ALTERA CORP	COM	021441100	443.28	27,212
ALTRIA GROUP INC	COM	02209S103	6,106.13	372,553
AMAZON COM INC	COM	023135106	6,206.06	74,182
AMERICAN EAGLE OUTFITTERS NE	COM	02553E106	677.62	47,822
AMERICAN ELEC PWR INC	COM	025537101	768.46	26,600
AMERICAN EXPRESS CO	COM	025816109	3,570.14	153,621
AMERICAN INTL GROUP INC	COM	026874107	313.22	270,028
AMERICAN TOWER CORP	CL A	029912201	1,503.40	47,682
AMERISOURCEBERGEN CORP	COM	03073E105	2,717.12	153,164
AMETEK INC NEW	COM	031100100	1,309.30	37,863
AMGEN INC	COM	031162100	13,059.65	246,688
AMPHENOL CORP NEW	CL A	032095101	502.66	15,887
AMYLIN PHARMACEUTICALS INC	COM	032346108	176.41	13,068
ANADARKO PETE CORP	COM	032511107	2,110.63	46,500
ANALOG DEVICES INC	COM	032654105	2,047.11	82,612
ANNALY CAP MGMT INC	COM	035710409	1,233.91	81,500
ANSYS INC	COM	03662Q105	253.29	8,129
APACHE CORP	COM	037411105	2,741.70	38,000
APOLLO GROUP INC	CL A	037604105	2,951.90	41,506
APPLE INC	COM	037833100	29,003.58	203,634
APPLIED MATLS INC	COM	038222105	1,172.34	106,480
APTARGROUP INC	COM	038336103	202.62	6,000
ARCHER DANIELS MIDLAND CO	COM	039483102	4,261.84	159,203
ARROW ELECTRS INC	COM	042735100	301.66	14,203
AUTODESK INC	COM	052769106	271.88	14,325
AUTOMATIC DATA PROCESSING IN	COM	053015103	3,598.01	101,524
AUTOZONE INC	COM	053332102	2,112.05	13,977
AVALONBAY CMNTYS INC	COM	053484101	1,023.70	18,300
AVON PRODS INC	COM	054303102	2,281.32	88,492
BB&T CORP	COM	054937107	1,373.75	62,500
BJS WHOLESALE CLUB INC	COM	05548J106	350.95	10,889
BOK FINL CORP	COM NEW	05561Q201	351.56	9,333
BMC SOFTWARE INC	COM	055921100	1,086.38	32,151
BAKER HUGHES INC	COM	057224107	1,122.35	30,800
BALL CORP	COM	058498106	1,330.66	29,466
BANK OF AMERICA CORPORATION	COM	060505104	8,776.68	664,900
BANK HAWAII CORP	COM	062540109	1,766.41	49,300
BANK OF NEW YORK MELLON CORP	COM	064058100	5,689.90	194,129
BARD C R INC	COM	067383109	1,579.15	21,211
BAXTER INTL INC	COM	071813109	7,552.67	142,611
BECKMAN COULTER INC	COM	075811109	385.12	6,740
BECTON DICKINSON & CO	COM	075887109	4,208.42	59,016
BED BATH & BEYOND INC	COM	075896100	1,315.84	42,792
BELO CORP	COM SER A	080555105	174.61	97,552
BEMIS INC	COM	081437105	453.60	18,000
BEST BUY INC	COM	086516101	3,299.86	98,533

Edgar Filing: VERIZON COMMUNICATIONS INC - Form 13F-HR

BIOGEN IDEC INC	COM	09062X103	4,350.69	96,361
BLACKROCK INC	COM	09247X101	549.41	3,132
BLOCK H & R INC	COM	093671105	542.76	31,501
BOEING CO	COM	097023105	4,114.96	96,823
BORGWARNER INC	COM	099724106	513.27	15,030
BOSTON PROPERTIES INC	COM	101121101	581.94	12,200
BOSTON SCIENTIFIC CORP	COM	101137107	3,086.97	304,436
BRISTOL MYERS SQUIBB CO	COM	110122108	5,692.38	280,275
BROADCOM CORP	CL A	111320107	4,084.46	164,763
BROCADE COMMUNICATIONS SYS I	COM NEW	111621306	483.21	61,634
BROOKFIELD ASSET MGMT INC	CL A LTD VT SH	112585104	455.76	26,700
BROWN FORMAN CORP	CL B	115637209	298.53	6,946
BURLINGTON NORTHN SANTA FE C	COM	12189T104	2,897.47	39,400
CBS CORP NEW	CL A	124857103	149.14	21,398
CBS CORP NEW	CL B	124857202	449.80	65,000
CB RICHARD ELLIS GROUP INC	CL A	12497T101	338.77	36,194
CF INDS HLDGS INC	COM	125269100	275.94	3,722
C H ROBINSON WORLDWIDE INC	COM NEW	12541W209	2,618.70	50,215
CIGNA CORP	COM	125509109	1,140.53	47,345
CME GROUP INC	COM	12572Q105	2,849.23	9,158
CMS ENERGY CORP	COM	125896100	235.56	19,500
CSX CORP	COM	126408103	1,551.42	44,800
CVS CAREMARK CORPORATION	COM	126650100	6,889.67	216,181
CA INC	COM	12673P105	490.13	28,120
CABLEVISION SYS CORP	CL A NY CABLVS	12686C109	485.24	25,000
CADENCE DESIGN SYSTEM INC	COM	127387108	144.17	24,437
CALPINE CORP	COM NEW	131347304	349.02	31,303
CAMERON INTERNATIONAL CORP	COM	13342B105	1,127.01	39,824
CAMPBELL SOUP CO	COM	134429109	805.99	27,396
CAPITAL ONE FINL CORP	COM	14040H105	1,330.58	60,813
CARMAX INC	COM	143130102	213.39	14,517
CARNIVAL CORP	PAIRED CTF	143658300	475.40	18,448
CATERPILLAR INC DEL	COM	149123101	3,997.95	121,004
CAVALIER HOMES INC	COM	149507105	117.93	43,200
CELANESE CORP DEL	COM SER A	150870103	636.70	26,809
CELGENE CORP	COM	151020104	5,414.90	113,188
CENTERPOINT ENERGY INC	COM	15189T107	458.76	41,405
CENTURYTEL INC	COM	156700106	911.79	29,700
CEPHALON INC	COM	156708109	387.93	6,848
CERNER CORP	COM	156782104	387.69	6,224
CHESAPEAKE ENERGY CORP	COM	165167107	1,864.03	94,001
CHEVRON CORP NEW	COM	166764100	15,734.37	237,500
CHICOS FAS INC	COM	168615102	150.06	15,423
CHIPOTLE MEXICAN GRILL INC	CL A	169656105	236.40	2,955
CHOICE HOTELS INTL INC	COM	169905106	304.46	11,442
CHUBB CORP	COM	171232101	697.90	17,500
CHURCH & DWIGHT INC	COM	171340102	896.76	16,512
CISCO SYS INC	COM	17275R102	24,778.57	1,328,610
CITIGROUP INC	COM	172967101	1,920.99	646,800
CITRIX SYS INC	COM	177376100	535.24	16,784
CLARCOR INC	COM	179895107	202.40	6,934
CLEARWIRE CORP NEW	CL A	18538Q105	68.01	12,301
CLIFFS NATURAL RESOURCES INC	COM	18683K101	224.31	9,167
CLOROX CO DEL	COM	189054109	1,308.59	23,439
COACH INC	COM	189754104	1,866.89	69,453
COCA COLA CO	COM	191216100	22,898.31	477,148
COCA COLA ENTERPRISES INC	COM	191219104	405.31	24,343
COGNIZANT TECHNOLOGY SOLUTIO	CL A	192446102	1,687.25	63,193
COLGATE PALMOLIVE CO	COM	194162103	9,120.56	128,931

Edgar Filing: VERIZON COMMUNICATIONS INC - Form 13F-HR

COMCAST CORP NEW	CL A	20030N101	5,133.24	354,997
COMMERCIAL METALS CO	COM	201723103	160.30	10,000
COMPUTER SCIENCES CORP	COM	205363104	398.70	9,000
CONOCOPHILLIPS	COM	20825C104	7,570.80	180,000
CONSOL ENERGY INC	COM	20854P109	1,319.44	38,853
CONSOLIDATED EDISON INC	COM	209115104	1,092.66	29,200
CONSTELLATION ENERGY GROUP I	COM	210371100	496.16	18,667
CONTINENTAL AIRLS INC	CL B	210795308	101.59	11,467
COPART INC	COM	217204106	214.71	6,193
CORN PRODS INTL INC	COM	219023108	1,181.43	44,100
CORNING INC	COM	219350105	5,175.59	322,267
COSTCO WHSL CORP NEW	COM	22160K105	5,212.13	113,852
COVANCE INC	COM	222816100	291.70	5,929
COVENTRY HEALTH CARE INC	COM	222862104	188.65	10,083
CRANE CO	COM	224399105	284.64	12,759
CREE INC	COM	225447101	242.52	8,249
CROWN CASTLE INTL CORP	COM	228227104	914.76	38,084
CROWN HOLDINGS INC	COM	228368106	358.14	14,836
CULLEN FROST BANKERS INC	COM	229899109	438.14	9,500
CUMMINS INC	COM	231021106	1,830.09	51,977
CURTISS WRIGHT CORP	COM	231561101	494.40	16,630
CYPRESS SEMICONDUCTOR CORP	COM	232806109	111.26	12,094
DPL INC	COM	233293109	217.01	9,366
D R HORTON INC	COM	23331A109	243.36	26,000
DTE ENERGY CO	COM	233331107	652.80	20,400
DANAHER CORP DEL	COM	235851102	3,556.89	57,611
DARDEN RESTAURANTS INC	COM	237194105	914.13	27,718
DAVITA INC	COM	23918K108	474.37	9,591
DEAN FOODS CO NEW	COM	242370104	320.20	16,686
DEERE & CO	COM	244199105	2,717.42	68,021
DEL MONTE FOODS CO	COM	24522P103	464.31	49,500
DELL INC	COM	24702R101	5,785.32	421,364
DELTA AIR LINES INC DEL	COM NEW	247361702	414.33	71,560
DENDREON CORP	COM	24823Q107	267.57	10,703
DENTSPLY INTL INC NEW	COM	249030107	421.10	13,775
DEVON ENERGY CORP NEW	COM	25179M103	3,858.60	70,800
DEVRY INC DEL	COM	251893103	288.83	5,772
DIAMOND OFFSHORE DRILLING IN	COM	25271C102	1,320.07	15,895
DIEBOLD INC	COM	253651103	811.43	30,783
DIGITAL RLTY TR INC	COM	253868103	253.10	7,060
DIRECTV GROUP INC	COM	25459L106	1,671.03	67,626
DISNEY WALT CO	COM DISNEY	254687106	5,120.95	219,501
DISCOVERY COMMUNICATNS NEW	COM SER C	25470F302	498.03	24,259
DISH NETWORK CORP	CL A	25470M109	896.41	55,300
DOLLAR TREE INC	COM	256746108	1,142.46	27,137
DOMINION RES INC VA NEW	COM	25746U109	2,920.90	87,400
DONALDSON INC	COM	257651109	944.31	27,261
DONNELLEY R R & SONS CO	COM	257867101	196.50	16,911
DOVER CORP	COM	260003108	1,152.01	34,815
DOW CHEM CO	COM	260543103	1,883.52	116,700
DREAMWORKS ANIMATION SKG INC	CL A	26153C103	968.39	35,100
DRESSER-RAND GROUP INC	COM	261608103	768.47	29,444
DU PONT E I DE NEMOURS & CO	COM	263534109	3,190.65	124,538
DUKE ENERGY CORP NEW	COM	26441C105	2,658.29	182,200
DUN & BRADSTREET CORP DEL NE	COM	26483E100	595.42	7,332
E M C CORP MASS	COM	268648102	3,478.24	265,516
ENSCO INTL INC	COM	26874Q100	1,956.99	56,123
EOG RES INC	COM	26875P101	3,531.84	52,000
EQT CORP	COM	26884L109	1,163.88	33,340
EXCO RESOURCES INC	COM	269279402	147.17	11,391

Edgar Filing: VERIZON COMMUNICATIONS INC - Form 13F-HR

EASTMAN CHEM CO	COM	277432100	545.76	14,400
EATON CORP	COM	278058102	504.09	11,300
EATON VANCE CORP	COM NON VTG	278265103	556.64	20,809
EBAY INC	COM	278642103	3,999.16	233,460
ECOLAB INC	COM	278865100	1,439.97	36,932
EDISON INTL	COM	281020107	968.96	30,800
EDWARDS LIFESCIENCES CORP	COM	28176E108	353.48	5,196
EL PASO CORP	COM	28336L109	166.81	18,073
ELECTRONIC ARTS INC	COM	285512109	2,275.18	104,751
EMBARQ CORP	COM	29078E105	802.12	19,071
EMERSON ELEC CO	COM	291011104	5,251.68	162,089
ENERGIZER HLDGS INC	COM	29266R108	939.52	17,985
ENERGY CORP NEW	COM	29364G103	2,922.50	37,700
EQUIFAX INC	COM	294429105	570.44	21,856
EQUINIX INC	COM NEW	29444U502	256.11	3,521
EXELON CORP	COM	30161N101	3,638.15	71,044
EXPEDIA INC DEL	COM	30212P105	558.97	36,994
EXPEDITORS INTL WASH INC	COM	302130109	1,616.78	48,494
EXPRESS SCRIPTS INC	COM	302182100	4,756.40	69,184
EXXON MOBIL CORP	COM	30231G102	48,675.24	696,256
FLIR SYS INC	COM	302445101	314.37	13,935
FMC TECHNOLOGIES INC	COM	30249U101	885.45	23,562
F M C CORP	COM NEW	302491303	271.31	5,736
FPL GROUP INC	COM	302571104	2,792.67	49,115
FTI CONSULTING INC	COM	302941109	241.52	4,762
FAMILY DLR STORES INC	COM	307000109	1,287.81	45,506
FASTENAL CO	COM	311900104	612.31	18,460
FEDERATED INVS INC PA	CL B	314211103	844.03	35,037
FEDEX CORP	COM	31428X106	1,779.83	32,000
F5 NETWORKS INC	COM	315616102	252.16	7,286
FIDELITY NATL INFORMATION SV	COM	31620M106	1,202.97	60,270
FIDELITY NATIONAL FINANCIAL	CL A	31620R105	212.44	15,702
FIFTH THIRD BANCORP	COM	316773100	852.00	120,000
FIRST AMERN CORP CALIF	COM	318522307	259.10	10,000
FIRST HORIZON NATL CORP	COM	320517105	166.77	13,899
FIRST SOLAR INC	COM	336433107	1,681.04	10,364
FISERV INC	COM	337738108	2,236.63	48,931
FIRSTENERGY CORP	COM	337932107	1,123.75	29,000
FLUOR CORP NEW	COM	343412102	2,137.71	41,679
FLOWERVE CORP	COM	34354P105	1,186.62	16,998
FORD MTR CO DEL	COM PAR \$0.01	345370860	1,972.75	325,000
FOREST LABS INC	COM	345838106	1,182.68	47,100
FRANKLIN RES INC	COM	354613101	3,369.18	46,788
FREEMPORT-MCMORAN COPPER & GO	COM	35671D857	3,236.04	64,579
FRONTIER COMMUNICATIONS CORP	COM	35906A108	115.65	16,199
FRONTIER OIL CORP	COM	35914P105	198.45	15,138
GAMESTOP CORP NEW	CL A	36467W109	1,063.53	48,321
GAP INC DEL	COM	364760108	2,619.49	159,726
GEN-PROBE INC NEW	COM	36866T103	207.73	4,830
GENERAL DYNAMICS CORP	COM	369550108	3,725.23	67,255
GENERAL ELECTRIC CO	COM	369604103	11,139.85	950,500
GENERAL MLS INC	COM	370334104	6,126.94	109,371
GENTEX CORP	COM	371901109	148.13	12,770
GENWORTH FINL INC	COM CL A	37247D106	119.64	17,116
GENZYME CORP	COM	372917104	2,277.90	40,918
GILEAD SCIENCES INC	COM	375558103	9,661.21	206,260
GLG PARTNERS INC	COM	37929X107	72.10	17,629
GLOBAL PMTS INC	COM	37940X102	1,571.70	41,957
GOLDMAN SACHS GROUP INC	COM	38141G104	8,949.00	60,696
GOODRICH CORP	COM	382388106	1,173.64	23,487
GOODYEAR TIRE & RUBR CO	COM	382550101	646.62	57,427

Edgar Filing: VERIZON COMMUNICATIONS INC - Form 13F-HR

GOOGLE INC	CL A	38259P508	22,896.54	54,310
GRAINGER W W INC	COM	384802104	467.04	5,704
GREIF INC	CL A	397624107	402.40	9,100
HCP INC	COM	40414L109	2,277.86	107,498
HALLIBURTON CO	COM	406216101	1,983.06	95,800
HANOVER INS GROUP INC	COM	410867105	304.71	7,996
HANSEN NAT CORP	COM	411310105	672.28	21,785
HARLEY DAVIDSON INC	COM	412822108	525.20	32,400
HARRIS CORP DEL	COM	413875105	272.68	9,615
HARTFORD FINL SVCS GROUP INC	COM	416515104	364.40	30,700
HASBRO INC	COM	418056107	1,578.46	65,119
HEALTH MGMT ASSOC INC NEW	CL A	421933102	112.97	22,869
HEINZ H J CO	COM	423074103	3,114.31	87,236
HELMERICH & PAYNE INC	COM	423452101	263.99	8,552
HERSHEY CO	COM	427866108	299.80	8,328
HESS CORP	COM	42809H107	1,402.87	26,100
HEWITT ASSOCS INC	COM	42822Q100	1,055.39	35,440
HEWLETT PACKARD CO	COM	428236103	20,220.04	523,158
HOME DEPOT INC	COM	437076102	5,123.95	216,842
HONEYWELL INTL INC	COM	438516106	5,315.58	169,286
HORMEL FOODS CORP	COM	440452100	971.78	28,135
HOSPIRA INC	COM	441060100	573.29	14,883
HUDSON CITY BANCORP	COM	443683107	319.98	24,077
HUMANA INC	COM	444859102	797.00	24,706
HUNT J B TRANS SVCS INC	COM	445658107	247.60	8,105
ITT EDUCATIONAL SERVICES INC	COM	45068B109	357.84	3,555
ITT CORP NEW	COM	450911102	1,289.25	28,972
IDEX CORP	COM	45167R104	381.22	15,516
IDEXX LABS INC	COM	45168D104	784.15	16,973
IHS INC	CL A	451734107	220.97	4,431
ILLINOIS TOOL WKS INC	COM	452308109	2,147.05	57,500
ILLUMINA INC	COM	452327109	1,125.79	28,911
INGRAM MICRO INC	CL A	457153104	749.00	42,800
INTEGRATED DEVICE TECHNOLOGY	COM	458118106	636.39	105,364
INTEL CORP	COM	458140100	18,813.64	1,136,777
INTERCONTINENTALEXCHANGE INC	COM	45865V100	2,428.17	21,255
INTERNATIONAL BUSINESS MACHS	COM	459200101	30,182.28	289,047
INTERNATIONAL FLAVORS&FRAGRA	COM	459506101	997.58	30,489
INTERNATIONAL GAME TECHNOLOG	COM	459902102	1,020.96	64,212
INTL PAPER CO	COM	460146103	655.12	43,300
INTUITIVE SURGICAL INC	COM NEW	46120E602	1,114.84	6,812
INTUIT	COM	461202103	1,196.99	42,462
IRON MTN INC	COM	462846106	768.28	26,723
ISHARES TR	RUSSELL1000VAL	464287598	34,710.86	729,373
ISHARES TR	RUSSELL1000GRW	464287614	47,247.02	1,151,524
ISHARES TR	RUSSELL 1000	464287622	47,916.76	945,850
ITC HLDGS CORP	COM	465685105	372.62	8,215
JDS UNIPHASE CORP	COM PAR \$0.001	46612J507	58.27	10,188
JPMORGAN CHASE & CO	COM	46625H100	14,735.50	432,000
JABIL CIRCUIT INC	COM	466313103	140.00	18,869
JACOBS ENGR GROUP INC DEL	COM	469814107	1,054.34	25,050
JANUS CAP GROUP INC	COM	47102X105	148.15	12,996
JOHNSON & JOHNSON	COM	478160104	31,410.10	552,995
JOHNSON CTLS INC	COM	478366107	1,989.81	91,613
JOY GLOBAL INC	COM	481165108	1,193.56	33,415
JUNIPER NETWORKS INC	COM	48203R104	1,581.64	67,019
KBR INC	COM	48242W106	966.24	52,400
KELLOGG CO	COM	487836108	1,098.67	23,592
KIMBERLY CLARK CORP	COM	494368103	4,022.41	76,720

Edgar Filing: VERIZON COMMUNICATIONS INC - Form 13F-HR

KIMCO REALTY CORP	COM	49446R109	318.58	31,700
KING PHARMACEUTICALS INC	COM	495582108	693.36	72,000
KOHL'S CORP	COM	500255104	2,606.88	60,980
KRAFT FOODS INC	CL A	50075N104	3,747.78	147,900
KROGER CO	COM	501044101	1,466.34	66,501
LKQ CORP	COM	501889208	213.89	13,003
LSI CORPORATION	COM	502161102	557.68	122,300
L-3 COMMUNICATIONS HLDGS INC	COM	502424104	693.80	10,000
LABORATORY CORP AMER HLDGS	COM NEW	50540R409	680.88	10,044
LAM RESEARCH CORP	COM	512807108	304.79	11,723
LAS VEGAS SANDS CORP	COM	517834107	259.45	33,009
LAUDER ESTEE COS INC	CL A	518439104	336.14	10,289
LEAP WIRELESS INTL INC	COM NEW	521863308	210.74	6,400
LENDER PROCESSING SVCS INC	COM	52602E102	246.12	8,863
LEUCADIA NATL CORP	COM	527288104	1,594.83	75,621
LEVEL 3 COMMUNICATIONS INC	COM	52729N100	151.60	100,400
LIBERTY MEDIA CORP NEW	ENT COM SER A	53071M500	534.00	20,000
LIFE TECHNOLOGIES CORP	COM	53217V109	1,433.20	34,353
LILLY ELI & CO	COM	532457108	6,226.49	179,749
LIMITED BRANDS INC	COM	532716107	491.35	41,049
LINCOLN NATL CORP IND	COM	534187109	398.23	23,140
LINEAR TECHNOLOGY CORP	COM	535678106	481.29	20,612
LOCKHEED MARTIN CORP	COM	539830109	6,532.72	81,001
LOEWS CORP	COM	540424108	2,740.00	100,000
LORILLARD INC	COM	544147101	1,543.25	22,772
LOWES COS INC	COM	548661107	3,741.47	192,761
LUBRIZOL CORP	COM	549271104	433.39	9,161
MBIA INC	COM	55262C100	70.14	16,200
MDU RES GROUP INC	COM	552690109	847.95	44,700
MEMC ELECTR MATLS INC	COM	552715104	369.14	20,727
MSCI INC	CL A	55354G100	225.11	9,211
MACROVISION SOLUTIONS CORP	COM	55611C108	403.31	18,492
MACYS INC	COM	55616P104	411.60	35,000
MANPOWER INC	COM	56418H100	1,426.85	33,700
MARATHON OIL CORP	COM	565849106	4,016.32	133,300
MARRIOTT INTL INC NEW	CL A	571903202	1,008.38	45,691
MASCO CORP	COM	574599106	150.35	15,695
MASTERCARD INC	CL A	57636Q104	3,111.11	18,595
MATTEL INC	COM	577081102	2,701.26	168,304
MAXIM INTEGRATED PRODS INC	COM	57772K101	646.72	41,219
MCAFEE INC	COM	579064106	607.95	14,410
MCCORMICK & CO INC	COM NON VTG	579780206	393.12	12,085
MCDERMOTT INTL INC	COM	580037109	761.50	37,494
MCDONALDS CORP	COM	580135101	14,442.33	251,215
MCGRAW HILL COS INC	COM	580645109	3,265.96	108,468
MCKESSON CORP	COM	58155Q103	2,447.94	55,635
MEADWESTVACO CORP	COM	583334107	203.48	12,400
MEDCO HEALTH SOLUTIONS INC	COM	58405U102	4,206.87	92,236
MEDTRONIC INC	COM	585055106	9,957.66	285,402
MERCK & CO INC	COM	589331107	7,671.87	274,388
METAVANTE TECHNOLOGIES INC	COM	591407101	214.84	8,308
METLIFE INC	COM	59156R108	1,920.62	64,000
METROPCS COMMUNICATIONS INC	COM	591708102	528.28	39,691
METTLER TOLEDO INTERNATIONAL	COM	592688105	241.01	3,124
MICROSOFT CORP	COM	594918104	44,051.89	1,853,256
MICROCHIP TECHNOLOGY INC	COM	595017104	348.78	15,467
MICRON TECHNOLOGY INC	COM	595112103	69.93	13,822
MILLIPORE CORP	COM	601073109	361.01	5,142
MIRANT CORP NEW	COM	60467R100	873.58	55,501

Edgar Filing: VERIZON COMMUNICATIONS INC - Form 13F-HR

MONSANTO CO NEW	COM	61166W101	9,011.04	121,214
MONSTER WORLDWIDE INC	COM	611742107	862.57	73,039
MOODYS CORP	COM	615369105	1,169.94	44,400
MORGAN STANLEY	COM NEW	617446448	4,669.50	163,785
MOSAIC CO	COM	61945A107	1,491.70	33,673
MOTOROLA INC	COM	620076109	1,880.30	283,606
MURPHY OIL CORP	COM	626717102	814.80	15,000
MYLAN INC	COM	628530107	263.96	20,227
MYRIAD GENETICS INC	COM	62855J104	315.78	8,858
NCR CORP NEW	COM	62886E108	1,013.93	85,709
NII HLDGS INC	CL B NEW	62913F201	362.61	19,016
NVR INC	COM	62944T105	1,485.55	2,957
NYSE EURONEXT	COM	629491101	673.01	24,698
NALCO HOLDING COMPANY	COM	62985Q101	367.31	21,812
NATIONAL OILWELL VARCO INC	COM	637071101	1,407.67	43,101
NATIONAL SEMICONDUCTOR CORP	COM	637640103	606.10	48,295
NATIONWIDE HEALTH PPTYS INC	COM	638620104	570.93	22,181
NAVISTAR INTL CORP NEW	COM	63934E108	925.14	21,219
NETAPP INC	COM	64110D104	2,590.43	131,361
NEWMONT MINING CORP	COM	651639106	4,037.62	98,792
NEWS CORP	CL A	65248E104	2,180.03	239,302
NIKE INC	CL B	654106103	5,825.76	112,510
NOBILITY HOMES INC	COM	654892108	99.12	11,943
NOBLE ENERGY INC	COM	655044105	1,267.85	21,500
NORDSTROM INC	COM	655664100	447.49	22,499
NORFOLK SOUTHERN CORP	COM	655844108	2,215.95	58,826
NORTHERN TR CORP	COM	665859104	3,303.83	61,547
NORTHROP GRUMMAN CORP	COM	666807102	1,396.48	30,571
NOVELL INC	COM	670006105	65.83	14,533
NSTAR	COM	67019E107	860.54	26,800
NUANCE COMMUNICATIONS INC	COM	67020Y100	221.64	18,318
NUCOR CORP	COM	670346105	1,577.26	35,500
NVIDIA CORP	COM	67066G104	1,079.94	95,655
NV ENERGY INC	COM	67073Y106	256.61	23,783
OCCIDENTAL PETE CORP DEL	COM	674599105	7,601.04	115,500
OCEANEERING INTL INC	COM	675232102	726.63	16,076
OMNICOM GROUP INC	COM	681919106	3,801.77	120,386
ON SEMICONDUCTOR CORP	COM	682189105	267.43	38,984
ORACLE CORP	COM	68389X105	16,595.71	774,777
O REILLY AUTOMOTIVE INC	COM	686091109	479.12	12,582
OWENS ILL INC	COM NEW	690768403	356.31	12,721
PG&E CORP	COM	69331C108	2,202.61	57,300
PMC-SIERRA INC	COM	69344F106	254.72	32,000
PNC FINL SVCS GROUP INC	COM	693475105	1,366.11	35,200
PPG INDS INC	COM	693506107	614.60	14,000
PPL CORP	COM	69351T106	2,237.15	67,875
PACCAR INC	COM	693718108	2,709.75	83,557
PACTIV CORP	COM	695257105	558.13	25,721
PALL CORP	COM	696429307	289.63	10,905
PALM HARBOR HOMES	COM	696639103	41.92	19,500
PARKER HANNIFIN CORP	COM	701094104	966.60	22,500
PATTERSON COMPANIES INC	COM	703395103	202.26	9,321
PAYCHEX INC	COM	704326107	2,541.42	100,850
PEABODY ENERGY CORP	COM	704549104	1,800.39	59,695
PENNEY J C INC	COM	708160106	829.71	28,900
PENTAIR INC	COM	709631105	244.28	9,535
PEPSI BOTTLING GROUP INC	COM	713409100	353.28	10,440
PEPSIAMERICAS INC	COM	71343P200	2,413.32	90,016
PEPSICO INC	COM	713448108	19,317.06	351,475

Edgar Filing: VERIZON COMMUNICATIONS INC - Form 13F-HR

PERRIGO CO	COM	714290103	205.23	7,388
PETROHAWK ENERGY CORP	COM	716495106	1,038.26	46,559
PETSMART INC	COM	716768106	250.86	11,690
PFIZER INC	COM	717081103	11,772.00	784,800
PHARMACEUTICAL PROD DEV INC	COM	717124101	226.23	9,743
PHILIP MORRIS INTL INC	COM	718172109	20,541.35	470,916
PIEDMONT NAT GAS INC	COM	720186105	501.48	20,800
PINNACLE WEST CAP CORP	COM	723484101	241.20	8,000
PIONEER NAT RES CO	COM	723787107	298.35	11,700
POLO RALPH LAUREN CORP	CL A	731572103	257.52	4,810
PRAXAIR INC	COM	74005P104	4,442.93	62,515
PRECISION CASTPARTS CORP	COM	740189105	4,424.86	60,590
PRICE T ROWE GROUP INC	COM	74144T108	1,987.45	47,695
PRICELINE COM INC	COM NEW	741503403	854.91	7,664
PRINCIPAL FINANCIAL GROUP IN	COM	74251V102	1,294.52	68,712
PROCTER & GAMBLE CO	COM	742718109	27,755.05	543,152
PROGRESS ENERGY INC	COM	743263105	1,267.30	33,500
PROGRESSIVE CORP OHIO	COM	743315103	1,655.16	109,542
PROLIANCE INTL INC	COM	74340R104	46.16	53,676
PRUDENTIAL FINL INC	COM	744320102	3,349.89	90,003
PUBLIC SVC ENTERPRISE GROUP	COM	744573106	1,311.72	40,200
PUBLIC STORAGE	COM	74460D109	4,483.15	68,466
PULTE HOMES INC	COM	745867101	311.83	35,315
QLOGIC CORP	COM	747277101	139.73	11,020
QUALCOMM INC	COM	747525103	17,057.89	377,387
QUEST DIAGNOSTICS INC	COM	74834L100	812.98	14,407
QUESTAR CORP	COM	748356102	717.48	23,100
QUICKSILVER RESOURCES INC	COM	74837R104	101.04	10,877
QWEST COMMUNICATIONS INTL IN	COM	749121109	406.70	98,000
RAYONIER INC	COM	754907103	647.66	17,818
RAYTHEON CO	COM NEW	755111507	1,494.66	33,641
RED HAT INC	COM	756577102	554.05	27,524
RELIANCE STEEL & ALUMINUM CO	COM	759509102	863.76	22,500
REPUBLIC SVCS INC	COM	760759100	1,148.91	47,068
RESMED INC	COM	761152107	284.66	6,989
ROBERT HALF INTL INC	COM	770323103	334.76	14,173
ROCKWELL AUTOMATION INC	COM	773903109	960.92	29,917
ROCKWELL COLLINS INC	COM	774341101	1,447.57	34,689
ROPER INDS INC NEW	COM	776696106	779.60	17,206
ROSS STORES INC	COM	778296103	936.32	24,257
SBA COMMUNICATIONS CORP	COM	78388J106	448.98	18,296
SAIC INC	COM	78390X101	1,177.23	63,463
SEI INVESTMENTS CO	COM	784117103	519.99	28,825
SLM CORP	COM	78442P106	905.88	88,208
ST JOE CO	COM	790148100	227.25	8,579
ST JUDE MED INC	COM	790849103	2,512.11	61,122
SALESFORCE COM INC	COM	79466L302	1,826.23	47,845
SANDISK CORP	COM	80004C101	590.07	40,141
SARA LEE CORP	COM	803111103	156.16	16,000
SCHEIN HENRY INC	COM	806407102	1,182.58	24,663
SCHERING PLOUGH CORP	COM	806605101	7,282.85	289,923
SCHLUMBERGER LTD	COM	806857108	11,756.67	217,274
SCHNITZER STL INDS	CL A	806882106	457.96	8,664
SCHWAB CHARLES CORP NEW	COM	808513105	3,491.42	199,055
SCOTTS MIRACLE GRO CO	CL A	810186106	460.65	13,143
SEALED AIR CORP NEW	COM	81211K100	470.47	25,500
SEARS HLDGS CORP	COM	812350106	1,456.78	21,900
SEMPRA ENERGY	COM	816851109	1,856.14	37,400
SEPRACOR INC	COM	817315104	175.79	10,138

Edgar Filing: VERIZON COMMUNICATIONS INC - Form 13F-HR

SHERWIN WILLIAMS CO	COM	824348106	1,228.99	22,865
SIGMA ALDRICH CORP	COM	826552101	1,456.80	29,395
SIMON PPTY GROUP INC NEW	COM	828806109	2,454.01	47,716
SMITH INTL INC	COM	832110100	697.87	27,102
SONOCO PRODS CO	COM	835495102	431.10	18,000
SOUTHERN CO	COM	842587107	2,813.74	90,300
SOUTHERN COPPER CORP	COM	84265V105	1,038.54	50,810
SOUTHWEST AIRLS CO	COM	844741108	302.44	44,940
SOUTHWESTERN ENERGY CO	COM	845467109	3,238.88	83,369
SPECTRA ENERGY CORP	COM	847560109	2,015.17	119,100
SPRINT NEXTEL CORP	COM SER 1	852061100	1,745.54	362,900
STANLEY WKS	COM	854616109	527.90	15,600
STAPLES INC	COM	855030102	2,448.66	121,341
STARBUCKS CORP	COM	855244109	3,373.14	242,847
STARWOOD HOTELS&RESORTS WRLD	COM	85590A401	617.67	27,823
STATE STR CORP	COM	857477103	3,554.57	75,309
STEEL DYNAMICS INC	COM	858119100	414.40	28,000
STERICYCLE INC	COM	858912108	405.64	7,872
STRAYER ED INC	COM	863236105	283.76	1,301
STRYKER CORP	COM	863667101	2,578.37	64,881
SUN MICROSYSTEMS INC	COM NEW	866810203	671.80	72,865
SUNPOWER CORP	COM CL A	867652109	238.10	8,948
SUPERVALU INC	COM	868536103	453.25	35,000
SYBASE INC	COM	871130100	241.72	7,713
SYMANTEC CORP	COM	871503108	4,098.13	263,039
SYNOPSIS INC	COM	871607107	339.10	17,381
SYSCO CORP	COM	871829107	1,229.81	54,707
TD AMERITRADE HLDG CORP	COM	87236Y108	1,627.63	92,743
TJX COS INC NEW	COM	872540109	3,021.03	96,028
TW TELECOM INC	COM	87311L104	142.15	13,828
TARGET CORP	COM	87612E106	6,190.46	156,840
TECH DATA CORP	COM	878237106	700.32	21,410
TECHNE CORP	COM	878377100	220.46	3,455
TELEPHONE & DATA SYS INC	COM	879433100	469.80	16,601
TELEPHONE & DATA SYS INC	SPL COM	879433860	264.94	10,206
TELLABS INC	COM	879664100	369.58	64,500
TENET HEALTHCARE CORP	COM	88033G100	85.21	30,219
TERADATA CORP DEL	COM	88076W103	495.51	21,149
TERADYNE INC	COM	880770102	110.13	16,054
TERRA INDS INC	COM	880915103	636.40	26,276
TESORO CORP	COM	881609101	189.98	14,924
TEXAS INSTRS INC	COM	882508104	9,725.61	456,602
TEXTRON INC	COM	883203101	104.32	10,800
THERMO FISHER SCIENTIFIC INC	COM	883556102	3,336.77	81,844
THOMAS & BETTS CORP	COM	884315102	607.57	21,053
3M CO	COM	88579Y101	10,331.00	171,897
TIDEWATER INC	COM	886423102	394.40	9,200
TIFFANY & CO NEW	COM	886547108	266.99	10,528
TIM HORTONS INC	COM	88706M103	411.92	16,786
TIME WARNER INC	COM NEW	887317303	3,234.39	128,400
TIME WARNER CABLE INC	COM	88732J207	633.40	20,000
TOLL BROTHERS INC	COM	889478103	195.15	11,500
TORCHMARK CORP	COM	891027104	648.20	17,500
TORO CO	COM	891092108	383.31	12,820
TOTAL SYS SVCS INC	COM	891906109	144.93	10,824
TRAVELERS COMPANIES INC	COM	89417E109	4,744.22	115,600
TRIMBLE NAVIGATION LTD	COM	896239100	217.61	11,086
TUPPERWARE BRANDS CORP	COM	899896104	221.17	8,500
US BANCORP DEL	COM NEW	902973304	4,067.84	227,000

Edgar Filing: VERIZON COMMUNICATIONS INC - Form 13F-HR

URS CORP NEW	COM	903236107	1,057.98	21,365
UNION PAC CORP	COM	907818108	5,228.11	100,425
UNITED PARCEL SERVICE INC	CL B	911312106	7,980.09	159,634
UNITED STATES STL CORP NEW	COM	912909108	571.84	16,000
UNITED TECHNOLOGIES CORP	COM	913017109	10,071.70	193,836
UNITEDHEALTH GROUP INC	COM	91324P102	4,518.88	180,900
UNIVERSAL HLTH SVCS INC	CL B	913903100	528.06	10,810
UNUM GROUP	COM	91529Y106	674.05	42,500
URBAN OUTFITTERS INC	COM	917047102	248.73	11,907
VCA ANTECH INC	COM	918194101	209.75	7,856
V F CORP	COM	918204108	517.40	9,348
VALERO ENERGY CORP NEW	COM	91913Y100	325.97	19,300
VARIAN MED SYS INC	COM	92220P105	408.60	11,628
VERISIGN INC	COM	92343E102	331.21	17,884
VERIZON COMMUNICATIONS INC	COM	92343V104	41,086.86	1,337,028
VERTEX PHARMACEUTICALS INC	COM	92532F100	577.53	16,056
VIACOM INC NEW	CL B	92553P201	733.21	32,300
VISA INC	COM CL A	92826C839	6,043.69	97,072
VULCAN MATLS CO	COM	929160109	689.60	16,000
WADDELL & REED FINL INC	CL A	930059100	1,481.50	56,182
WAL MART STORES INC	COM	931142103	24,729.92	510,527
WALGREEN CO	COM	931422109	7,040.47	239,472
WASTE MGMT INC DEL	COM	94106L109	3,039.30	107,930
WATERS CORP	COM	941848103	923.42	17,941
WELLPOINT INC	COM	94973V107	5,375.49	105,630
WELLS FARGO & CO NEW	COM	949746101	12,840.29	529,279
WENDYS ARBYS GROUP INC	COM	950587105	54.42	13,607
WESCO INTL INC	COM	95082P105	299.52	11,962
WESTERN DIGITAL CORP	COM	958102105	2,261.10	85,325
WESTERN UN CO	COM	959802109	2,149.00	131,037
WEYERHAEUSER CO	COM	962166104	273.87	9,000
WINDSTREAM CORP	COM	97381W104	225.65	26,992
WISCONSIN ENERGY CORP	COM	976657106	387.47	9,518
WYETH	COM	983024100	7,140.01	157,304
WYNN RESORTS LTD	COM	983134107	1,175.48	33,300
XTO ENERGY INC	COM	98385X106	1,945.13	51,000
XCEL ENERGY INC	COM	98389B100	414.22	22,500
XILINX INC	COM	983919101	520.13	25,422
XEROX CORP	COM	984121103	401.76	62,000
YAHOO INC	COM	984332106	4,572.22	291,969
YUM BRANDS INC	COM	988498101	3,737.64	112,107
ZIMMER HLDGS INC	COM	98956P102	1,124.64	26,400

GRAND TOTAL			1,611,816.95	
			=====	

ted as directors by our shareholders at our 2007 Annual Meeting. Their terms expire at this Annual Meeting. The board is composed of a majority of independent directors. In accordance with the listing standards of the New York Stock Exchange (NYSE), to be considered independent, the board must affirmatively determine that a director has no material relationship with the company, either directly or as a partner, shareholder or officer of an organization that has a relationship with the company, and that the director meets other NYSE independence standards. The board specifically considered that one or more of the independent directors may from time to time use the services of our airport parking business at rates generally available to the public. In addition, Mr. Webb maintains a private banking relationship with Macquarie Bank Limited, or MBL, an affiliate of our Manager, in an amount that is immaterial to MBL. The board has determined that these relationships are immaterial to a determination of director independence. As a result, the board has determined that each director other than Mr. Roberts, and Mr. Mentzines, as Mr. Roberts alternate, is independent under the NYSE standards.

Election of Directors

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

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

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

Table of Contents

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

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

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

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

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

Recommendation of the Board

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

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

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

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

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

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

Fees

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

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

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

(2)

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

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

Pre-Approval Policies and Procedures

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

Table of Contents

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

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

Recommendation of the Board

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

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

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

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

Executive Officers

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

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

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

Board Meetings and Committees

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

Table of Contents

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

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

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

retaining and overseeing our independent accountants;

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

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

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

approving the fees to be paid to our independent auditors;

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

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

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

serving as a Qualified Legal Compliance Committee.

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

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

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

reviewing the remuneration of our Manager;

determining the compensation of our independent directors;

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

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

Table of Contents

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

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

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

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

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

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

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

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

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

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

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

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

Compensation Committee Interlocks and Insider Participation

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

Executive Sessions of our Board

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

Table of Contents

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

Minimum Shareholding Guidelines

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

Nominations of Directors

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

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

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

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

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

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

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

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

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

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

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

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

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

Table of Contents

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

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

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

Shareholder Nominations of Directors

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

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

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

The shareholder submitting the recommendation must submit:

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

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

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

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

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

the candidate's principal occupation or employment;

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

a copy of the candidate's resume;

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

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

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

Table of Contents

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

DIRECTOR COMPENSATION

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

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

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

Independent Directors Fees

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

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

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

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

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

Independent Directors Equity Plan

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

Table of Contents

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

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

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

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

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

COMPENSATION DISCUSSION AND ANALYSIS

General

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

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

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

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

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

Table of Contents

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

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

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

Objectives of Macquarie's Compensation Program

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

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

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

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

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

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

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

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

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

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

Table of Contents

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

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

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

Responsibility for Macquarie's Compensation Program

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

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

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

Elements of Macquarie's Compensation Program

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

Fixed Compensation

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

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

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

Table of Contents

Annual Profit Share

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

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

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

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

operational performance of our underlying businesses;

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

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

effective capital management; and

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

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

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

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

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

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

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

Table of Contents

optimizing the capital structure of our businesses; and

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

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

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

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

Retained Profit Share

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

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

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

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

Table of Contents

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