MACQUARIE

MACQUARIE POWER AND INFRASTRUCTURE CORPORATION

ANNUAL INFORMATION FORM

For the Financial Year Ended December 31, 2010

March 24, 2011

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EXPLANATORY NOTES

Except where otherwise indicated, all references to dollar amounts and "$" are to Canadian dollars. In this Annual Information Form, unless the context otherwise requires, the "Corporation" refers to Macquarie Power and Infrastructure Corporation and its subsidiary entities on a consolidated basis and, in the case of references to matters undertaken prior to January 1, 2011, refers to the Corporation's predecessor Macquarie Power & Infrastructure Income Fund and its subsidiary entities on a consolidated basis (the "Fund"). Please refer to the "Glossary" in this Annual Information Form for the definitions of certain defined terms.

Certain of the statements contained in this Annual Information Form are forward-looking and reflect the Corporation's current expectations regarding the Corporation's future growth, results of operations, performance and business based on information currently available to the Corporation. Forward-looking statements are provided for the purpose of presenting information about the Corporation's current expectations and plans relating to the future and readers are cautioned that such statements may not be appropriate for other purposes. These statements use forward-looking words, such as "anticipate", "continue", "could", "expect", "may", "will", "estimate", "plan", "believe" or other similar words and include, among other things, statements relating to: the Corporation's proposed Internalization Transaction; the proposed investment in the District Heating Business; the Amherstburg Solar Park; certain PPAs; renewal of the Waterpower O&M Agreement; refinancing of indebtedness; environmental laws, regulations and guidelines; the power infrastructure regulatory environment; risk factors; and the Corporation's dividends and dividend policy. These statements are subject to significant known and unknown risks and uncertainties that may cause actual results or events to differ materially from those expressed or implied by such statements and, accordingly, should not be read as guarantees of future performance or results. The forward-looking statements in this Annual Information Form are based on information currently available and what the Corporation currently believes are reasonable assumptions, including the material assumptions for each of the Corporation's assets set out in the Corporation's 2010 Annual Report under the heading "Asset Performance" on pages 39-43 as updated in subsequently filed Quarterly Financial Reports of the Corporation and the other filings made by the Corporation with securities regulatory authorities (such documents are available on the Canadian Securities Administrators' System for Electronic Document Analysis and Retrieval ("SEDAR") at www.sedar.com). Other material factors or assumptions that were applied in formulating the forward-looking statements contained herein include the assumption that the business and economic conditions affecting the Corporation's operations will continue substantially in their current state, including, with respect to industry conditions, general levels of economic activity, regulations, weather, taxes and interest rates, that there will be no unplanned material changes to the Corporation's facilities, equipment or contractual arrangements, and that the Corporation's proposed investment in the District Heating Business and the proposed Internalization Transaction will be completed as currently expected. Although the Corporation believes that it has a reasonable basis for the expectations reflected in these forward-looking statements, actual results may differ from those suggested by the forward-looking statements for various reasons, including risks related to: power infrastructure (operational performance; PPAs; fuel costs and supply; contract performance; development risk; technology risk; default under credit agreements; land tenure and related rights; regulatory regime and permits; and force majeure) and the Corporation (variability and payment of dividends, which are not guaranteed; geographic concentration and non-diversification; dependence on the manager of the Corporation and potential conflicts of interest; risks related to the proposed investment in the District Heating Business; insurance; environmental, health and safety regime; availability of financing; Shareholder dilution; the volatile market price for Common Shares; changes in legislation and administrative policy and IFRS) (see "Risk Factors"). The assumptions, risks and uncertainties described above are not exhaustive and other events and risk factors could cause actual results to differ materially from the results and events discussed in the forward-looking statements. These forward-looking statements reflect current expectations of the Corporation as at the date of this Annual Information Form and speak only as at the date of this Annual Information Form. Except as may be required by applicable law, the Corporation does not undertake any obligation to publicly update or revise any forward-looking statements.

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

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

STRUCTURE OF THE CORPORATION

The Corporation was incorporated on May 20, 2010 as 0881592 B.C. Ltd. pursuant to the provisions of the *Business Corporations Act* (British Columbia) (the "BCBCA"). The Corporation's articles were amended on October 12, 2010 to change its name to "Macquarie Power and Infrastructure Corporation". The Corporation's articles were further amended on December 31, 2010 to create a class of preferred shares, issuable in series. The principal office of the Corporation is located at Brookfield Place, 181 Bay Street, Suite 3100, Toronto, Ontario, M5J 2T3. The registered office of the Corporation is located at 595 Burrard Street, Suite 2600, Three Bentall Centre, Vancouver, British Columbia, V7X 1L3.

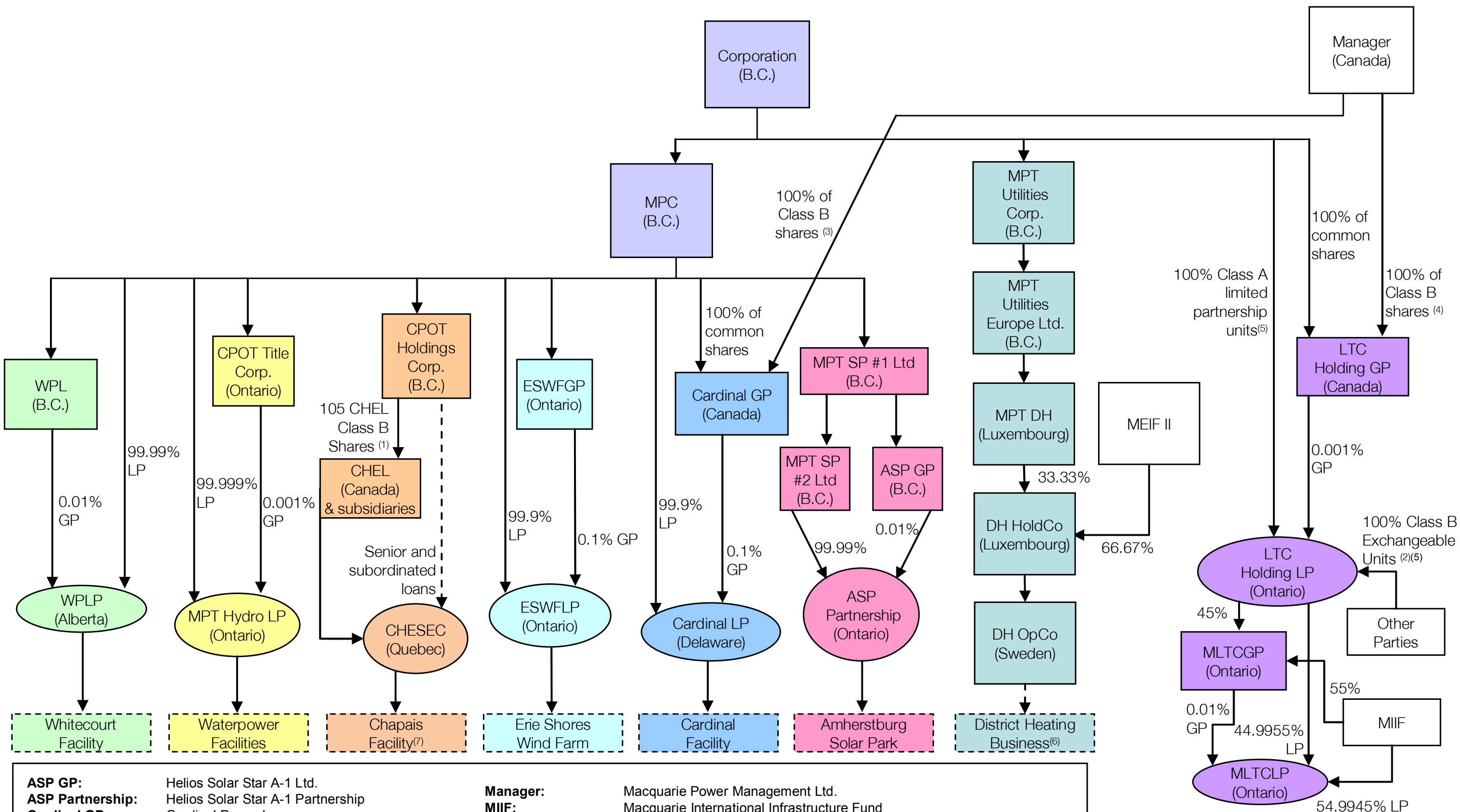
On January 1, 2011, pursuant to a plan of arrangement under the BCBCA (the "Arrangement"), all of the issued and outstanding trust units of the Fund (the "Units") were automatically exchanged for common shares in the capital of the Corporation (the "Common Shares") on a one-for-one basis. As a result of the Arrangement, the Corporation became the sole owner of all of the issued and outstanding Units and the indirect owner of all of the businesses owned by the Fund. Following the Arrangement, the organizational structure of the Corporation was simplified and certain of its subsidiaries were reorganized, amalgamated and/or wound-up, including each of Clean Power Income Fund ("CPIF"), Clean Power Operating Trust ("CPOT") and Macquarie Power & Infrastructure Income Trust ("MPIIT"), which were wound-up into the Fund, and the Fund, which was subsequently wound-up into the Corporation. Prior to its wind-up, the Fund had been an unincorporated, open-ended, limited purpose trust established under the laws of the Province of Ontario by a declaration of trust dated as of March 15, 2004, as amended and restated as of April 16, 2004, as further amended effective February 21, 2006 and January 1, 2011. As a result of these transactions, each of CPIF, CPOT, MPIIT and the Fund was terminated. Pursuant to the terms of the agreements governing the Class B exchangeable limited partnership units (the "Class B Exchangeable Units") of MPT LTC Holding LP ("LTC Holding LP"), the Class B Exchangeable Units remained outstanding following the Arrangement, with an adjusted exchange feature such that holders of the Class B Exchangeable Units became entitled to receive, upon due exchange of Class B Exchangeable Units, one Common Share for each Class B Exchangeable Unit (in lieu of each Unit they would otherwise have been entitled to receive upon such exchange prior to the Arrangement). In addition, the terms of the 2016 Debentures of the Fund were amended so that the 2016 Debentures became obligations of the Corporation and continue to have substantially the same terms and conditions, with the automatic adjustment that they are convertible into Common Shares instead of Units in accordance with their terms. See "Description of the Corporation – General", "Description of the Corporation – Class B Exchangeable Units and Exchange Agreement" and "Description of the Corporation – 2016 Debentures".

The Corporation has continued the business of the Fund (see "General Development of the Business"). As at March 24, 2011, the Corporation's portfolio included investments in gas cogeneration, wind, waterpower and biomass power generation assets, representing in aggregate approximately 350 megawatts ("MW") of installed capacity, as well as a 20 MW solar power facility under construction in Amherstburg, Ontario (see "Narrative Description of the Business – Power Infrastructure – Amherstburg Solar Park"). The Corporation has also entered into an agreement to acquire a 33.33% interest in a district heating business in Sweden, which is expected to close in March 2011 (see "General Development of the Business").

The Corporation is administered by Macquarie Power Management Ltd. (the "Manager") pursuant to the amended and restated administration agreement dated as of January 1, 2011 (the "Administration Agreement") between the Corporation and the Manager (see "Management of the Corporation – Administration Agreement"). The Manager also provides or arranges for certain management services to be provided to each of: (a) Cardinal Power of Canada, L.P. ("Cardinal LP") pursuant to the amended and restated management agreement between the Corporation, Cardinal LP and the Manager dated as of January 1, 2011 (the "Cardinal LP Management Agreement") (see "Management of the Corporation – Cardinal LP Management Agreement"); (b) Macquarie Power Corp. ("MPC") pursuant to the amended and restated management agreement between the Corporation, MPC and the Manager dated as of January 1, 2011 (the "MPC Management Agreement") (see "Management of the Corporation – MPC Management Agreement"); and (c) Helios Solar Star A-1 Partnership ("ASP Partnership") pursuant to the amended and restated management agreement between the Corporation, ASP Partnership (previously a limited partnership named Helios Solar Star A-1, L.P., prior to becoming a general partnership as at January 1, 2011) and the Manager dated as at January 1, 2011 (the "ASP Management Agreement", and together with the Cardinal LP Management Agreement and the MPC Management Agreement, the "Management Agreements") (see "Management of the Corporation – ASP Management Agreement" and "General Development of the Business"). The Manager previously provided or arranged for certain management services to be provided to LTC Holding LP pursuant to the management agreement among the Fund, MPIIT, LTC Holding LP and the Manager dated as of October 18, 2005 (the "LTC Holding LP Management Agreement") which was terminated effective March 31, 2010 following the sale by LTC Holding LP of its indirect 45% interest in the Leisureworld senior care business in March 2010 (see "Management of the Corporation – LTC Holding LP Management Agreement" and "General Development of the Business"). On March 15, 2011, the Corporation announced that it had entered into an agreement with the Manager to terminate the Administration Agreement and the Management Agreements effective April 15, 2011, subject to certain conditions (see "General Development of the Business").

The Manager is an indirect, wholly-owned subsidiary of Macquarie Group Limited ("MGL"), an Australian public company listed on the Australian Securities Exchange. When used herein, the "Macquarie group" refers to MGL and all direct or indirect subsidiaries or affiliates of MGL, all funds (or similar vehicles) that any such subsidiary or affiliate of MGL manages and all direct and indirect subsidiaries of such funds (or similar vehicles).

The following chart presents a simplified summary of the ownership and organizational structure of the Corporation and its material subsidiaries as at March 24, 2011. In the chart below, "GP" denotes a general partnership interest, "LP" denotes a limited partnership interest, the governing jurisdiction of each entity is noted in parentheses and, unless otherwise specified, all ownership interests denoted are 100%.



ASP GP:	Helios Solar Star A-1 Ltd.	**Manager:**	Macquarie Power Management Ltd.
ASP Partnership:	Helios Solar Star A-1 Partnership	**MIIF:**	Macquarie International Infrastructure Fund
Cardinal GP:	Cardinal Power Inc.	**MEIF II:**	Macquarie European Infrastructure Fund II
Cardinal LP:	Cardinal Power of Canada, L.P.	**MLTCGP:**	Macquarie Long Term Care GP Inc.
CHEL:	Chapais Électrique Limitée	**MLTCLP:**	Macquarie Long Term Care LP
CHESEC:	Chapais Énergie, société en commandite	**MPC:**	Macquarie Power Corp.
Corporation:	Macquarie Power and Infrastructure Corporation	**MPT DH:**	MPT District Heating Luxembourg SÀRL
DH HoldCo:	Sefyr Heat Luxembourg SÀRL	**MPT SP #1 Ltd.:**	MPT Solar Power #1 Ltd.
DH OpCo:	Sefyr Värme AB	**MPT SP #2 Ltd.:**	MPT Solar Power #2 Ltd.
ESWFGP:	Erie Shores Wind Farm General Partner Inc.	**Waterpower Facilities:**	Dryden Facility, Hluey Lakes Facility, Sechelt Facility and Wawatay Facility
ESWFLP:	Erie Shores Wind Farm Limited Partnership	**WPL:**	Whitecourt Power Ltd.
LTC Holding GP:	MPT LTC Holding Ltd.	**WPLP:**	Whitecourt Power Limited Partnership
LTC Holding LP:	MPT LTC Holding LP		

Notes:

(1) CPOT Holdings Corp. owns a 31.3% interest in one of the two classes of preferred shares of CHEL. See "Narrative Description of the Business – Power Infrastructure – Chapais Facility".

(2) The Class B Exchangeable Units have economic rights equivalent to those of Common Shares and, subject to certain conditions, are exchangeable on a one-for-one basis for Common Shares. See "Description of the Fund – Class B Exchangeable Units and Exchange Agreement".

(3) The holder of the one outstanding Class B share in the capital of Cardinal GP has the right to elect two members of the board of directors of Cardinal GP and is not entitled to receive any dividends on the Class B share. Each Class B share may be redeemed upon the payment of $25 at any time on or after the termination of the Cardinal LP Management Agreement and it is expected that the Class B share will be redeemed upon termination of the Cardinal LP Management Agreement on April 15, 2011 (see "General Development of the Business").

(4) The holder of the one outstanding Class B share in the capital of LTC Holding GP has the right to elect two members of the board of directors of LTC Holding GP and is not entitled to receive any dividends on the Class B share. The Class B share may be redeemed upon the payment of $25 at any time and it is expected that the Class B share will be redeemed upon termination of the Management Agreements on April 15, 2011 (see "General Development of the Business").

(5) The holders of Class A limited partnership units and Class B Exchangeable Units, as the limited partners of LTC Holding LP, collectively have a 99.999% interest in any distributions of the limited partnership. Out of that interest, the Class B Exchangeable Units are entitled to distributions from LTC Holding LP equal to the distributions paid by the Corporation on Common Shares. See "Dividends – Monthly Distribution". The holders of Class A limited partnership units are entitled to receive any remaining limited partner distributions.

(6) The acquisition of the District Heating Business is expected to close in March 2011. See "General Development of the Business".

(7) The Chapais Facility is owned by CHESEC, the sole general partner of which is CHEL and the limited partners of which are CHEL and a wholly-owned subsidiary of CHEL. See "Narrative Description of the Business – Power Infrastructure – Chapais Facility".

GENERAL DEVELOPMENT OF THE BUSINESS

On May 19, 2009, certain subsidiaries of the Fund entered into an amended and restated credit agreement (as further amended as of June 16, 2009, September 30, 2009 and June 23, 2010, and amended and restated as of January 1, 2011, the "Issuer Credit Agreement") which refinanced and extended (i) an aggregate $150 million revolving and term facility provided to CPOT (which was a subsidiary of the Fund at that time) (of which $25 million was repaid prior to the refinancing), and (ii) a $15 million revolving credit facility and $35 million non-revolving term facility provided to Cardinal LP ((i) and (ii) are collectively referred to as the "Prior Facilities"). The Prior Facilities had been scheduled to mature in June 2010 and May 2011, respectively. The credit facility provided pursuant to the Issuer Credit Agreement (the "Issuer Credit Facility"), which matures in June 2012, was initially comprised of a $121.9 million term facility and a $40.6 million revolving facility, but also included an accordion feature that offered the ability to increase the size of the Issuer Credit Facility up to an aggregate of $200 million, subject to securing additional commitments from existing or new lending institutions. On June 17, 2009, this accordion feature was partially exercised to add an additional $20 million of capacity to the term facility, bringing its aggregate credit capacity to $182.5 million. In connection with the Arrangement, effective January 1, 2011, the obligations of CPOT under the Issuer Credit Facility were assumed by MPC and further amendments were made, including changes to the composition of the restricted group of the Corporation's subsidiaries that are subject to the Issuer Credit Agreement and other changes to reflect the new organizational structure of the Corporation (including the wind-up of CPOT). Both MPC (as assignee of CPOT) and Cardinal LP are the borrowers under the Issuer Credit Facility and the obligations of the borrowers are guaranteed by certain of the Corporation's other subsidiaries (see "Material Contracts – Issuer Credit Agreement"). As at December 31, 2010, an aggregate amount of $85 million had been advanced and was outstanding under the Issuer Credit Facility.

On July 6, 2009, the Fund appointed Mr. Michael Bernstein as President and Chief Executive Officer. Mr. Bernstein had served in that capacity on an interim basis since April 2009. Mr. Michael Smerdon was appointed as Vice President, Chief Financial Officer and Secretary of the Fund, effective as of August 14, 2009. In connection with the Arrangement, effective January 1, 2011, Mr. Bernstein was appointed President and Chief Executive Officer of the Corporation, Mr. Smerdon was appointed Executive Vice President, Chief Financial Officer and Corporate Secretary of the Corporation and Mr. Stuart M. Miller was appointed Executive Vice President and General Counsel of the Corporation. Effective March 10, 2011, Mr. Miller was appointed Corporate Secretary of the Corporation and Mr. Smerdon ceased serving in such capacity. See "Management of the Corporation – Executive Officers".

On September 29, 2009, the Fund announced (i) the Trustees' intention, subject to the approval of holders of units ("Unitholders") and other approvals, to convert the Fund into a publicly-traded dividend-paying corporation prior to January 1, 2011 and (ii) the Trustees' approval of a new distribution policy for the Fund to commence with the distributions for the month of January 2010 (see "Dividends – Dividend Policy").

On December 22, 2009, the Fund completed a public offering of $50 million principal amount of 6.50% convertible unsecured subordinated debentures due December 31, 2016 (the "2016 Debentures"). The 2016 Debentures were sold to a syndicate of underwriters on a bought deal basis. On January 5, 2010, the underwriters exercised in full their option to purchase an additional $7.5 million principal amount of 2016 Debentures, bringing the outstanding aggregate principal amount of the 2016 Debentures to $57.5 million. In connection with the Arrangement, the 2016 Debentures were assumed by the Corporation pursuant to a supplemental indenture dated as of January 1, 2011 (the "First Supplemental Debenture Indenture"), entered into between the Fund and Computershare Trust Company of Canada, as trustee of the 2016 Debentures (the "Debenture Trustee"), and the Corporation, as successor issuer to the Fund (see "Description of the Corporation – 2016 Debentures").

On January 11, 2010, proceeds from the offering of the 2016 Debentures were used to redeem all of the outstanding 6.75% convertible debentures of the Fund (the "CPIF Debentures") that were originally issued by CPIF for an aggregate redemption amount of $38.9 million.

On March 23, 2010, Macquarie Long Term Care LP ("MLTCLP"), the entity through which the Fund and Macquarie International Infrastructure Fund ("MIIF", a publicly-listed infrastructure fund in Singapore managed by a subsidiary of MGL) held their respective 45% and 55% interests in Leisureworld Senior Care LP ("LSCLP") and its general partner (collectively with LSCLP, the "Leisureworld Entities"), sold its entire 100% ownership interest in the Leisureworld Entities to Leisureworld Senior Care Corporation ("LSCC") for aggregate consideration equal to approximately $122 million (the Fund's share of the aggregate consideration being approximately $55 million). At the time, LSCLP owned and operated 26 long term care homes, one retirement home, one independent living home and certain ancillary businesses. The sale of the Leisureworld Entities coincided with the initial public offering by LSCC of its common shares. Under the acquisition agreement between MLTCLP and LSCC providing for the sale of the Leisureworld Entities (the "Leisureworld Acquisition Agreement"), MLTCLP provided certain representations, warranties, covenants and indemnities in respect of the business of the Leisureworld Entities (certain of which were qualified to knowledge and materiality) and MLTCLP was required to retain approximately 10% of the consideration received from the sale of the Leisureworld Entities in the form of cash, liquid securities (including LSCC common shares) and/or letters of credit to fund any indemnification obligations under such agreement (the "Holdback") until March 23, 2011. MLTCLP received a portion of the sale consideration in the form of 958,649 LSCC common shares, which MLTCLP sold on December 10, 2010 for proceeds of approximately $9,729,000. In accordance with the terms of the Holdback, approximately $730,000 of the proceeds of this sale was distributed by MLTCLP to MIIF and the Fund on a 55%/45% basis. As at March 23, 2011, no indemnity claims were made by LSCC and the amount of cash that was retained by MLTCLP in connection with the Holdback (approximately $12.2 million) is expected to be distributed to the Corporation and MIIF, *pro rata* to their ownership interests, in March 2011. Further information relating to LSCC is available on SEDAR, but any information filed by LSCC on SEDAR is not incorporated by reference into this Annual Information Form and the Corporation specifically disclaims any responsibility for the accuracy or completeness of such information.

On June 23, 2010, the Fund indirectly acquired ASP Partnership, the owner of a 20 MW solar photovoltaic power project in Amherstburg, Ontario (the "Amherstburg Solar Park"), and Helios Solar Star A-1 Ltd ("ASP GP"), the managing general partner of ASP Partnership, from a subsidiary of SunPower Corporation (collectively with its subsidiaries, "SunPower") and ASP Partnership entered into certain agreements under which SunPower agreed to design, build and operate the facility on behalf of ASP Partnership. The approximately $130 million project is being funded by a syndicate of international lenders, with a total of approximately $47.8 million of equity is required to be contributed by ASP Partnership prior to the start of commercial operations (the "ASP Equity Commitment"), which is anticipated to be in June 2011. As at March 24, 2011, approximately $26 million of such ASP Equity Commitment is remaining. When completed, the Amherstburg Solar Park is expected to produce approximately 37,600 MWh of electricity annually, which is enough to power approximately 4,000 homes. See "Narrative Description of the Business – Power Infrastructure – Amherstburg Solar Park". In addition, pursuant to the ASP Management Agreement, the Manager will provide or arrange for certain management services to be provided in respect of the development and operation of the Amherstburg Solar Park (see "Management of the Corporation – ASP Management Agreement").

On December 12, 2010, a wholly-owned subsidiary of Sefyr Heat Luxembourg SÀRL ("DH HoldCo") entered into two acquisition agreements to acquire a district heating business (the "District Heating Business") located in Sweden from subsidiaries of Fortum Corporation for aggregate consideration of approximately $300 million. MPT District Heating Luxembourg SÀRL, an indirect wholly-owned subsidiary of the Corporation, owns a 33.3% equity interest in DH HoldCo. An indirect wholly-owned subsidiary of Macquarie European Infrastructure Fund II ("MEIF II"), a private unlisted infrastructure fund managed by a subsidiary of MGL, owns the remaining 66.7% equity interest in DH HoldCo. See "Structure of the Corporation". District heating refers to a distribution system that delivers heat to numerous buildings or industrial users within a community from a single facility. The District Heating Business' district heating system consists of 11 regional facilities that include both heat production and distribution. The District Heating Business' heat production facilities have a total thermal generation capacity of 786 MW and include biomass and oil-fired boilers and steam turbines. The heat generated by these production facilities is distributed through a 317-kilometre network of pipelines to approximately 4,000 supply points including large residential buildings, such as apartment buildings or municipally-owned facilities, and industrial customers where it is used for space heating and domestic hot water heating, or for industrial heating and processes, respectively. With the significant use of renewable fuels as well as recovered waste heat derived from the industrial processes of certain customers, the District Heating Business features an attractive renewable generation profile. As at March 24, 2011, approval of the transaction had been obtained from both the Swedish Competition Authority and the Stockholm City Council and the acquisition of the District Heating Business is expected to close in March 2011. The Corporation expects to satisfy its indirect portion of the purchase price payable (approximately $100 million) on the closing of the transaction through existing cash resources. Further information regarding the Corporation's proposed investment in the District Heating Business is contained in the material change report of the Fund dated

December 12, 2010, which is available on SEDAR and is incorporated by reference into this Annual Information Form.

On December 22, 2010, the Fund completed a private placement of 9,079,250 Units (including Units issued pursuant to the exercise of the underwriters' option) to a syndicate of underwriters on a bought deal basis at a price of $7.60 per Unit for aggregate gross proceeds of approximately $69 million. The net proceeds of the offering will be used by the Corporation for acquisitions and for general corporate purposes.

On March 14, 2011, the Corporation, MPC, ASP Partnership and Cardinal LP (collectively, the "Managed Parties") reached an agreement with the Manager (the "Internalization Agreement") to internalize all management and administrative functions currently provided to the Managed Parties by the Manager, in exchange for a payment of $14 million (the "Internalization Transaction"). As well, the Corporation will be responsible for $2 million of additional expenses over and above its contractual obligations to the Manager. The existing senior management team of the Corporation (all of whom are currently Macquarie group employees) will become employees of the Corporation and continue to serve the Corporation in their current roles. The Macquarie group has also agreed to provide transitional services to the Corporation, including the provision of premises, information technology support and tax and accounting services, until December 15, 2011 at no cost. The Manager has agreed, subject to certain conditions, to subscribe for approximately $7 million in Common Shares immediately upon the completion of the Internalization Transaction and the Manager has agreed that it or one of its affiliates will hold such Common Shares for at least 12 months. It is anticipated that the Internalization Transaction will be completed on or about April 15, 2011. Further information regarding the Internalization Transaction is contained in the material change report of the Corporation dated March 24, 2011, which is available on SEDAR and is incorporated by reference into this Annual Information Form.

NARRATIVE DESCRIPTION OF THE BUSINESS

Mandate

The Corporation's strategy is to acquire and actively manage a high quality portfolio of long-life infrastructure assets in Canada and internationally with the objective of delivering a superior return to investors through stable dividends and capital appreciation. These infrastructure assets could include electricity generation, distribution and transmission; transportation and roads; water distribution and wastewater treatment; schools and hospitals; and include investments in public-private partnerships.

Operating Segments

As at March 24, 2011, the only operating segment of the Corporation is power infrastructure. Revenue earned by the Corporation for this segment is reported in the following table:

($000s)	**Year Ended December 31, 2010**		**Year Ended December 31, 2009**	
	Power	**Total**	**Power**	**Total**
Revenue	$158,512[(1)]	$158,512	$148,384[(2)]	$148,384

Notes:
(1) In addition, the Corporation earned aggregate interest income of $638 relating to the CHESEC Tranche A Senior Debt.
(2) In addition, the Corporation earned aggregate interest income of $720 relating to the CHESEC Tranche A Senior Debt.

Power Infrastructure

Overview

The Corporation currently holds investments in the following power infrastructure facilities:

Facility[(1)]	**Size**[(2)] **(MW)**	**Location**	**Employees**	**Percentage Ownership**	**Power Purchaser**	**Expiry of PPA**
Gas Cogeneration						
Cardinal	160[(3)]	Ontario	18	100%	Ontario Electricity Financial Corporation	2014[(4)]
Wind						
Erie Shores	99[(5)]	Ontario	9	100%	Ontario Power Authority	2026
Waterpower						
Sechelt	16	British Columbia	-[(6)]	100%	British Columbia Hydro and Power Authority	2017
Hluey Lakes	3	British Columbia	-[(6)]	100%	British Columbia Hydro and Power Authority	2020
Wawatay	13.5	Ontario	-[(6)]	100%	Ontario Electricity Financial Corporation	2042
Dryden[(7)]	3.25	Ontario	-[(6)]	100%	Ontario Electricity Financial Corporation	2020
Biomass						
Whitecourt	28[(8)]	Alberta	33	100%	TransAlta Utilities Corp.[(9)]	2014
Chapais	31[(10)]	Québec	-[(11)]	-[(12)]	Hydro-Québec	2015
Total MW	**353.75 MW**					

Notes:

(1) The Corporation also has a 100% ownership interest in the 20 MW Amherstburg Solar Park located in Amherstburg, Ontario, which is presently under construction and which is anticipated to commence commercial operations in June 2011 (see "– Amherstburg Solar Park").
(2) Gross capacity of facility.
(3) 156 MW net capacity.
(4) The initial 20-year term of the Cardinal PPA ends on November 21, 2014, following which either party to the PPA may at any time, with at least one year's written notice to the other, terminate the PPA (see "– The Cardinal Facility – Cardinal Power Purchase Agreement").
(5) One of the 1.5 MW wind turbines located at the Erie Shores Wind Farm is not owned by ESWFLP (see "– Erie Shores Wind Farm – Overview").
(6) The Waterpower Facilities are managed by Regional Power under the Waterpower O&M Agreement (see "– Maintenance of Waterpower Facilities and Waterpower O&M Agreement").
(7) The Dryden Facility is comprised of the Wainwright, Eagle River and McKenzie Falls hydropower stations.
(8) 25 MW net capacity.
(9) The benefits and obligations of the Whitecourt PPA flow through to the Balancing Pool (see "Narrative Description of the Business – Power Infrastructure Industry – Regulatory Environment – Alberta").
(10) 28 MW net capacity.
(11) The Chapais Facility if managed by Probyn Power under the Chapais O&M Agreement (see "– Chapais Facility – Chapais O&M Agreement").
(12) The Corporation's investment in the Chapais Facility consists of the CHESEC Tranche A Senior Debt, the CHESEC Tranche B Senior Debt and other subordinated debt of CHESEC as well as a 31.3% interest in one of the two outstanding classes of preferred shares of CHEL (see "– Chapais Facility – Corporation's Investment").

The Cardinal Facility

Overview

The Cardinal Facility is a combined cycle cogeneration facility fuelled by natural gas with a net rated capacity of 156 MW of electrical power located in Cardinal, Ontario. The Cardinal Facility is directly interconnected to Hydro One's transmission system and supplies electricity to the Hydro One grid on a continuous basis, except for planned and unplanned downtime through the facility's six kilometre connection line.

The Cardinal Facility's main building houses the combustion turbine and generator, the heat recovery steam generator, the steam turbine and generator, the office and the control and electrical rooms. Power generation is achieved using a Westinghouse combustion turbine generator operating in combined cycle with a Westinghouse steam turbine. The combustion turbine generator produces 110 MW (gross) of electrical power. Hot gas leaving the combustion turbine passes through a heat recovery steam generator where steam is produced to drive a steam turbine. The steam turbine drives a generator that produces a nominal 50 MW (gross) of electrical power. Steam is extracted from the steam turbine to supply process steam to the Canada Starch Operating Company Inc. ("Casco") plant located adjacent to the facility (see "– Cogeneration" and "– Land Tenure"). A small portion of the low pressure steam passes through a heat exchanger to provide space heating for an elementary school which is also located adjacent to the facility. The combustion turbine generator and steam turbine generator are operated to produce an average aggregate gross facility output of approximately 160 MW with 156 MW of net power output after in-plant consumption. Electricity is generated by the Cardinal Facility at 13.8 kV and stepped up to 115 kV by two main step-up transformers.

Cardinal Power Purchase Agreement

The electricity generated by the Cardinal Facility (less the amount consumed in its operations) is sold exclusively to Ontario Electricity Financial Corporation ("OEFC") at contracted rates under the PPA (the "Cardinal PPA") made on May 29, 1992 between Ontario Hydro (continued as OEFC) and Cardinal LP. In fiscal 2010, approximately 96% of the Cardinal Facility's revenues were derived from the sale of electricity to OEFC.

The initial 20-year term of the Cardinal PPA ends on November 21, 2014. After the expiry of the original term of 20 years, either party to the Cardinal PPA may at any time, with at least one year's written notice to the other, terminate the Cardinal PPA. The Cardinal PPA also contains operating standards and procedures and early termination provisions as are customary for PPAs with non-utility generators of electricity ("NUGs").

Under the Cardinal PPA, OEFC is obligated to make monthly payments for the electricity that is delivered by the Cardinal Facility. Generally, more of the Cardinal Facility's revenues are generated during the winter season (October through March, inclusive) than during the summer season (April through September, inclusive). This can be attributed primarily to the fact that higher rates are paid by OEFC for electricity delivered during the winter than during the summer and that lower ambient temperatures during the winter season enable the Cardinal Facility's combustion turbine to reach its peak output and thus produce more electricity. In addition, subject to certain exceptions, where the Cardinal Facility delivers between 80% and 100% of its monthly target quantity (the "Target Quantities") of electricity to be delivered between the weekday hours of 7:00 a.m. to 11:00 p.m. (the "On-peak Hours"), the Cardinal PPA provides for OEFC to make certain additional capacity payments to Cardinal LP.

Payment rates under the Cardinal PPA escalate in accordance with the direct customer rate ("DCR") established by OEFC from time to time, which is designed to recover the fully-delivered cost of uninterruptible power at 100% load factor to customers directly connected to the Ontario transmission system. Monthly payments for electricity delivered are equal to the sum of the amount of electricity delivered each month multiplied separately by each of the Energy "A" and Energy "B" rates. The Energy "A" rate increases each year by the greater of: (i) 4% and (ii) the cumulative percentage increase in the DCR since 1992, being the base year under the Cardinal PPA (the "DCR escalator"). The Energy "B" rate increases each year by the greater of: (i) 0% and (ii) the DCR escalator. Capacity payments are based on the monthly amount of energy delivered during On-peak Hours, to a maximum of the Target Quantities and increase each year by the greater of: (i) 0% and (ii) the DCR escalator. The provisions of both the Cardinal PPA and the Cardinal GPA (described below) provide for fuel commodity cost protection through the alignment of rate escalators on both the revenue side (under the Cardinal PPA) and the cost side (under the Cardinal GPA). Under the Cardinal GPA, the commodity gas price increases each year by the greater of: (i) 2% and (ii) the previous year's DCR escalator while, as noted above, the Energy "A" rate increases at the greater of: (i) 4% and (ii) the DCR escalator (see "– Gas Purchase Agreement").

Upon the expiration or termination of the Cardinal PPA, assuming the current structure of the Ontario power industry, Cardinal LP would have four primary options: (i) bid electricity it produces into the market administered by the Independent Electricity System Operator ("IESO") and receive the market price; (ii) enter into a bilateral power purchase contract with another counterparty to sell electricity at a negotiated price; (iii) a combination of (i) and (ii); or (iv) renegotiate a revised PPA. The attractiveness of one option over another will depend upon the relationship between short-term and long-term electricity prices in Ontario at the time. A priority for the Corporation in 2011 is to commence discussions with the OEFC regarding a new PPA for the Cardinal Facility (see “Narrative Description of the Business – Power Infrastructure Industry – Regulatory Environment – Ontario”).

Cogeneration

Up to a maximum of 723 million pounds per year of the steam generated by the Cardinal Facility is sold to Casco for its plant operations under the terms of an energy savings agreement between Cardinal LP and Casco dated to be effective as of September 3, 1992 (the “Cardinal Energy Savings Agreement”). The Cardinal Energy Savings Agreement matures on December 31, 2014, but may be extended by up to two years at the option of Cardinal LP. In fiscal 2010, steam sale revenues represented approximately one percent of the Cardinal Facility’s revenues. Cardinal LP is also subject to an ongoing commitment to supply an immaterial amount of steam to meet the circulating hot water heating requirements of an adjacent elementary school.

As is typical with cogeneration plants, the Cardinal Facility has a low heat-to-electricity ratio and produces significantly more electricity than steam for sale. By producing electricity and steam simultaneously, cogeneration converts a higher proportion of the fuel’s energy content into useful energy output compared to both electrical and thermal energy that is generated separately, which produces significant fuel savings over non-cogeneration technologies. Natural gas combustion results in virtually no atmospheric emissions of sulphur dioxide or small particulate matter and far lower emissions of carbon monoxide, oxides of nitrogen (“NOx”) and other greenhouse gases (“GHGs”), such as reactive hydrocarbons and carbon dioxide (“CO_2”), than the combustion of other fossil fuels.

Cardinal Gas Purchase Agreement

Cardinal LP purchases the natural gas to operate the Cardinal Facility from Husky Energy Marketing Inc. (“Husky Marketing”) under the Cardinal GPA. Under the Cardinal GPA, Cardinal LP is able to curtail the production of electricity at the Cardinal Facility within certain parameters and, through the Cardinal Gas Mitigation Agreement (described below), sell the natural gas that would otherwise have been used to generate electricity. Cardinal LP avails itself of this option on occasion when additional net income can be realized from this operating strategy. To mitigate the effect of price fluctuations on the net proceeds from the sale of any excess natural gas under the Cardinal Gas Mitigation Agreement, Cardinal LP entered into the Cardinal Gas Swap Agreement.

The Cardinal GPA was originally entered into with Husky Oil Operations Ltd. and was subsequently assigned to Husky Marketing by means of an assignment and novation agreement dated as of December 15, 2001. The obligations of Husky Marketing under the agreement are guaranteed by its parent company, Husky Energy Inc. This agreement provides that Cardinal LP is required to purchase a minimum of 9,289,104 MMBtu of natural gas each year, equivalent to 80% of the contract maximum, subject to financial compensation to Husky Marketing for any shortfall. Cardinal LP is prohibited from purchasing natural gas for the Cardinal Facility from any other party for the term of the Cardinal GPA, which expires on May 1, 2015, unless Husky Marketing fails to deliver natural gas in accordance with the terms thereof. The price of natural gas delivered under the Cardinal GPA is tied to the DCR, with a guaranteed minimum 2% per annum escalator. The Cardinal GPA does not entitle the gas supplier to renegotiate or arbitrate the price payable under the Cardinal GPA.

The November 1, 1994 amendment to the Cardinal GPA, as subsequently amended effective January 31, 2009 (the “Cardinal Gas Mitigation Agreement”) permits Cardinal LP and Husky Marketing to sell certain amounts of natural gas in excess of that required by the Cardinal Facility. The proceeds from sales under the Cardinal Gas Mitigation Agreement are shared based on a formula which provides that Husky Marketing first receives payment for the variable costs of delivery and other adjustments. Husky Marketing receives an additional marketing fee prior to Cardinal LP receiving an amount equal to the total fixed costs of delivery. This amount effectively represents a reimbursement for transportation costs otherwise paid by Cardinal LP. To the extent there are any remaining proceeds, such proceeds are apportioned on an approximate 20%/80% basis between Husky Marketing and Cardinal LP (prior to the January 31, 2009 amendment, proceeds were shared on an approximate 50%/50% basis). In addition, under the Cardinal PPA, OEFC may, subject to certain limits, in each year during 600 summer off-peak hours, limit its acceptance of electricity to 80% of the average output for the month in which such curtailment takes place. The natural gas that would, if not for this curtailment, be used to generate electricity may be sold under the terms of the Cardinal Gas Mitigation Agreement. As well, Cardinal LP may elect to curtail electricity production and sell gas under the Cardinal Gas Mitigation Agreement.

Husky Marketing provides for the transportation of the natural gas purchased under the Cardinal GPA from Husky Oil Operations Limited's reserves in the Province of Alberta through TransCanada Pipelines Limited's ("TCPL") Mainline pipeline to the interconnection with Union Gas Limited ("Union") near Cardinal, Ontario. Cardinal LP reimburses Husky Marketing for the demand charges and commodity charges it incurs with respect to such transportation. Cardinal LP and Union are parties to an agreement providing for the transportation of natural gas from Union's interconnect to the Cardinal Facility. On February 24, 2011, the National Energy Board approved TCPL's proposed interim gas transportation toll of $2.24 per gigajoule ("GJ") effective March 1, 2011, which is a significant increase from the toll of $1.64 per GJ in 2010 and higher than the Corporation had anticipated. TCPL's proposal for the final 2011 gas transportation toll rate is expected to be filed with the National Energy Board on May 2, 2011.

Land Tenure

The land underlying the Cardinal Facility is leased from Casco for a nominal amount. The initial term of the Cardinal Lease expires on December 31, 2014, but may be extended by up to two years at the option of Cardinal LP and runs concurrently with the Cardinal Energy Savings Agreement. In certain circumstances, Cardinal LP may continue the term of the Cardinal Lease until a date no later than December 31, 2020. In no event can the term of the Cardinal Lease extend beyond December 31, 2030. Prior to the expiration of the term of the Cardinal Lease, Cardinal LP is responsible for dismantling and removing all improvements on the leased land and restoring the leased land to its condition prior to the commencement of the term of the Cardinal Lease and Cardinal LP is specifically liable for all costs related to remedial action that would need to be taken in order for hazardous substances, if any, to be removed so that the leased land complies with applicable Environmental, Health and Safety Laws (described below).

Cardinal Credit Agreement

On May 19, 2009, certain subsidiaries of the Fund entered into the Issuer Credit Agreement, which amended and restated the credit agreements in respect of the Prior Facilities. The Issuer Credit Agreement was amended and restated as of January 1, 2011 and Cardinal LP and MPC (as assignee of CPOT) are the current borrowers and their obligations as borrowers are guaranteed by certain of the Corporation's other subsidiaries. See "Material Contracts – Issuer Credit Agreement".

Major Maintenance

The Cardinal Facility operates on a modified six-year cycle as follows:

Year	Type of Maintenance	Typical Duration of Outage
2010	Combustion inspection	120 hours
2011	Combustion inspection and one time maintenance (see below)	160 hours
2012	Hot gas path inspection	288 hours
2013	Combustion inspection	120 hours
2014	Combustion inspection	120 hours
2015	Major inspection	576 hours

In the second quarter of 2010, the Cardinal Facility completed its planned combustion inspection on schedule in four days, compared to 13 days of maintenance which was required for the hot gas path inspection in the same period last year.

In 2011, an aggregate of 160 hours of maintenance activities are planned, comprised of 120 hours for the combustion inspection and 40 hours to rectify a minor vibration issue.

Erie Shores Wind Farm

Overview

The Erie Shores Wind Farm is located near Port Burwell, Ontario. The Erie Shores Wind Farm consists of 66 GE 1.5 SLE wind turbines that achieved commercial operation under the Erie Shores PPA in May 2006 (see "– Erie Shores Power Purchase Agreement"). The wind turbines each have a capacity of 1.5 MW and were supplied by General Electric Company ("GE") and General Electric Canada ("GE Canada") pursuant to a turbine supply agreement. Erie Shores Wind Farm has a total capacity of 99 MW. One of the GE 1.5 SLE wind turbines located at the Erie Shores Wind Farm is owned by a local land owner who hosts a number of the facility's other wind turbines on his land. Erie Shores Wind Farm maintains operational and managerial control of this additional wind turbine and, on an annual basis, the land owner is entitled to receive the revenue generated by his wind turbine less one sixty-sixth of all operating and maintenance expenses of all 66 wind turbines making up the facility as a whole, not including property taxes, land leases and interest expense.

Each wind turbine at the facility contains an on-board microprocessor controller which monitors and controls the operation of the individual wind turbine. The facility also includes a wind farm management system to manage the operation of the 66 wind turbines. The facility is equipped with a Supervisory Control and Data Acquisition system ("SCADA"), which was upgraded during the fourth quarter of 2010. The SCADA system collects and stores operational and generation data from the wind turbines and allows remote supervision and operations of the individual wind turbines. The SCADA system is designed to monitor and record the performance of the wind turbines and the facility as a whole and provides detailed operating and performance information for reporting purposes.

The electricity generated by the facility's wind turbines is collected and delivered by above-ground and underground collection lines. The power collection system consists of individual power cables that run from each wind turbine to pad-mount transformers located adjacent to each wind turbine, which increase the voltage of the electricity to the required level for collection. Underground cables then deliver the electricity from the pad-mount transformers to the overhead collection system. A system of above-ground 34.5 kV collection lines then delivers the power to the substation where it is stepped up to transmission voltage of 115 kV for delivery by way of a 29 kilometre connection line to the Hydro One transmission system. An additional protection system was installed in 2010 that allows the facility to connect to an alternate transmission line. This enables the Erie Shores Wind Farm to continue delivering its power to the grid during periods of outage on the primary transmission line.

Erie Shores Operation and Maintenance

In July 2010, Erie Shores Wind Farm Limited Partnership ("ESWFLP") completed an internalization of the operation and maintenance services (including in respect of the one wind turbine not owned by ESWFLP) which were previously provided by GE Canada. The number of employees at the Erie Shores Wind Farm increased from three to nine and ESWFLP incurred $870,000 in one-time expenses and capital expenditures in connection with the internalization of operation and maintenance services. Over time, internalization of the operation and maintenance functions is expected to reduce Erie Shores Wind Farm's operating costs and deliver slightly higher facility availability.

GE Canada earned a fee equal to approximately $25,779 per wind turbine for providing operation and maintenance services in respect of the Erie Shores Wind Farm from January 1, 2010 to July 25, 2010.

Erie Shores Power Purchase Agreement

ESWFLP is a party to a Renewable Energy Supply Contract (the "Erie Shores PPA") with the Ontario Power Authority ("OPA") which provides for the sale of all of the energy generated by the Erie Shores Wind Farm. The Erie Shores PPA was assigned by OEFC to the OPA on November 10, 2005 and terminates on May 24, 2026.

Electricity sales by the Erie Shores Wind Farm under the Erie Shores PPA commenced in May 2006. The Erie Shores PPA contains specific fixed rates for each year of operation from the date of commissioning of the facility. The fixed rates are comprised of two components: (a) 85% of the rate originally awarded under the Erie Shores PPA is fixed for the term of the Erie Shores PPA; and (b) the remaining 15% of the original rate awarded is adjusted annually for inflation every January 1. The Erie Shores PPA contains no minimum or maximum power delivery obligation and has standard force majeure and termination provisions.

In addition, production from the Erie Shores Wind Farm is eligible to receive WPPI payments of $10 per MW per hour for the first 10 years of production (see "Narrative Description of the Business – Power Infrastructure Industry – Regulatory Environment – Federal Wind Power Production Incentive and ecoEnergy for Renewable Power Program").

Land Tenure

ESWFLP has acquired the right to use, operate, maintain and access the facility site by means of: ownership of the substation land; easements relating to the land on which the wind turbines are located; and other connection line and access easements.

Erie Shores Credit Agreement

On June 28, 2005, ESWFLP, Erie Shores Wind Farm General Partner Trust, Sun Life Assurance Company of Canada ("Sun Life"), as agent for the lenders, and certain lenders entered into a credit agreement (the "Erie Shores Credit Agreement") for $120 million of non-recourse project financing for the construction of the Erie Shores Wind Farm. In connection with the Arrangement, effective January 4, 2011, the obligations of Erie Shores Wind Farm General Partner Trust under the Erie Shores Credit Agreement were assumed by Erie Shores Wind Farm General Partner Inc. (the new general partner of ESWFLP) as a result of the new organizational structure of the Corporation (which resulted in the wind-up of Erie Shores Wind Farm General Partner Trust). As at December 31, 2010, ESWFLP owed the following amounts under the Erie Shores Credit Agreement: (i) approximately $62.2 million fully amortizing tranche A debt which bears interest at a rate of 5.96% per annum, payable quarterly with a maturity date of April 1, 2026; (ii) approximately $4.8 million fully amortizing tranche B debt which bears interest at a rate of 5.28% per annum, payable quarterly with a maturity date of April 1, 2016; and (iii) $40 million interest-only tranche C debt which bears interest at a rate of 5.05% per annum, payable quarterly with a maturity date of April 1, 2011. The Corporation expects that the outstanding tranche C debt will be fully-refinanced upon its maturity in 2011. ESWFLP's obligations under the Erie Shores Credit Agreement are secured by the property of ESWFLP. MPC (as assignee of CPOT) has provided an unsecured guarantee to Sun Life in the amount of $10 million for the tranche C loan (the "Erie Shores MPC Guarantee"). In conjunction with the Erie Shores Credit Agreement, MPC (as assignee of CPOT) also provided a limited recourse guarantee in favour of Sun Life under which MPC provided as collateral and pledged to Sun Life MPC's ownership interest in ESWFLP and Erie Shores Wind Farm General Partner Inc. The Erie Shores Credit Agreement contains standard representations and warranties, covenants (including financial covenants and financial ratios) and events of default.

Sechelt Facility

Overview

The Sechelt Facility is a run-of-the-river waterpower facility located on Sechelt Creek, approximately 30 kilometres northeast of Sechelt, British Columbia ("B.C."). The Sechelt Facility has an installed capacity of 16 MW and commercial operation began in March 1997. Electricity from the facility is delivered through a 300 metre connection line to BC Hydro's grid. Regional Power Opco Inc. ("Regional Power") operates the Sechelt Facility pursuant to the Waterpower O&M Agreement (see "Narrative Description of the Business – Power Infrastructure – Maintenance of Waterpower Facilities and Waterpower O&M Agreement").

The Sechelt Facility has two vertical Pelton turbine/generator sets of eight MW each, a gross operating head of 343 metres and is designed to use a flow of up to six cubic metres per second. Two intake structures collect water in a small headpond which feeds a buried low pressure steel penstock. The low pressure penstock merges into a buried high pressure steel penstock which carries the water to the powerhouse where a bifurcation distributes the water to the turbine/generators. The water is then returned to Sechelt Creek through the tailrace. The watershed above the intake structures drains an area of the Coast Mountains of approximately 67 square kilometres.

Sechelt Power Purchase Agreement

The sale of power from the Sechelt Facility to BC Hydro is governed by a PPA dated August 31, 1990 (the "Sechelt PPA"). The Sechelt PPA has an initial term of 20 years from the commercial operation date, which was March 1, 1997. Following the initial term, the Sechelt PPA will continue in force from year to year unless otherwise terminated upon six months' notice by either party. BC Hydro has agreed to purchase all power produced by the Sechelt Facility. Under the Sechelt PPA, the Sechelt Facility is required to make available to BC Hydro not less than 57 gigawatt hours per year. The Sechelt Facility has met this requirement every year since commissioning.

Under the Sechelt PPA, BC Hydro pays monthly for the electricity delivered under the agreement. The price is increased on April 1 of each year by three percent over the prior year. In addition, BC Hydro will pay in excess of the three percent annual increase for any extraordinary incremental costs reasonably and properly incurred by the Sechelt Facility that arise as a result of extraordinary changes to government policy, law and regulation or BC Hydro's established quality requirements for electricity made available by the Sechelt Facility. The Sechelt Facility is required to provide a credit to BC Hydro if any costs are reduced as a result of extraordinary changes in government policy, law and regulation.

The electricity made available to BC Hydro must conform to BC Hydro's established quality requirements and BC Hydro may refuse to accept deliveries of electricity that do not conform to these requirements. If a disconnection occurs under these requirements and the Sechelt Facility does not take corrective action so that it is in compliance with these requirements within six months, BC Hydro may terminate the Sechelt PPA. Routine and emergency operating procedures for the Sechelt Facility are established through an agreement with BC Hydro, including local operating orders that set forth requirements to be met to allow the interconnection of the Sechelt Facility to BC Hydro's system. The respective obligations of the parties to the Sechelt PPA are suspended if a forced outage occurs. A "forced outage" is defined as an exceptional situation which prevents either party from performing as required by the Sechelt PPA and which could not be reasonably anticipated or protected against and is beyond the reasonable control of the party claiming that a forced outage has occurred. If a forced outage of the Sechelt Facility continues for more than 18 months, then either party may terminate the Sechelt PPA without notice. Forced outages attributable to BC Hydro require BC Hydro to pay for power not taken after the first 24 hours if the outage has not been corrected within 24 hours.

Land Tenure and Water Rights

The land rights in respect of the Sechelt Facility (including land underlying the intake structures, the powerhouse, penstock and the tailrace) are held pursuant to two leases with B.C. each dated October 10, 1995 as well as a statutory right of way dated April 17, 2001. The leases each have a term of 30 years. Rights to the water used by the Sechelt Facility are governed by conditional water licences dated July 19, 1994 and August 11, 1995 granted by the B.C. Office of the Comptroller of Water Rights. Each of these conditional water licences is appurtenant to the lease relating to the powerhouse. A permit issued by the Comptroller authorizes the occupation of Crown land for a dam site at, and the flooding of, Sechelt Lake.

Access to the Sechelt Facility is governed by an agreement dated April 1, 1995 with Canadian Forest Products Ltd. (the "Canfor Agreement") that is co-terminus with the leases described above and an agreement dated January 1, 2007 with Canadian Forest Products Ltd. (the "Canfor Road SRW") (both such agreements were subsequently assigned to the B.C. Ministry of Forests and Range) that is co-terminus with the right of way described above. Rights to access the existing roads and to construct additional roads expire on the earlier of the termination of the Sechelt PPA and the termination of the Canfor Agreement and the Canfor Road SRW. The connection line from the Sechelt Facility to the BC Hydro interconnection point is secured by a statutory right of way that expires on the termination of the Sechelt PPA.

Hluey Lakes Facility

Overview

The Hluey Lakes Facility is a waterpower facility with an installed capacity of three MW located in north-western B.C., approximately 20 kilometres southwest of the town of Dease Lake. Electrical power generated by the Hluey Lakes Facility is sold to BC Hydro for distribution in the community of Dease Lake through a non-integrated distribution system. The Hluey Lakes Facility's commercial operation date was January 15, 2000. Regional Power operates the Hluey Lakes Facility pursuant to the Waterpower O&M Agreement (see "Narrative Description of the Business – Power Infrastructure – Maintenance of Waterpower Facilities and Waterpower O&M Agreement").

The Hluey Lakes Facility is located in the Tanzilla River watershed and consists of two dams, a buried high-density polyethylene low pressure penstock ("HDPE Penstock"), a surge shaft, a low pressure penstock, powerhouse and turbine/generator, a tailrace conduit, switchyard, connection line and access roads. From the intake dam, water is conveyed by way of the HDPE Penstock to the 14-metre deep surge shaft at the edge of the major elevation drop to the Tanzilla River. From the surge shaft, a low pressure penstock carries the water to the powerhouse. The powerhouse houses a single three MW Pelton turbine/generator and discharges water via the 1.4 kilometre tailrace to the Tanzilla River. From the powerhouse switchyard, power is transmitted by way of a 28 kilometre wood-pole connection line to the BC Hydro substation at Dease Lake.

Water for the Hluey Lakes Facility is stored by means of a low diversion dam on Tsenaglode Creek, which drains Sitsa and Tuttiduch Lakes into the Tanzilla River, and a low intake dam on Hluey Creek, which drains Hluey Lake into the Tanzilla River. The Tsenaglode diversion dam is an earth filled dam approximately 400 metres long with a maximum height of five metres. The Hluey Lake intake dam is an earth filled dam approximately 436 metres long with a maximum height of 7.5 metres. These dams raise the water levels in the lakes by approximately five metres. Together they provide a single water reservoir for the Hluey Lakes Facility of approximately 4.95 square kilometres. The total watershed covers an area of 135 square kilometres. Overflow type spillways at both dams have their crests at an elevation so that spill is automatic when the reservoir is full and the inflow exceeds the regulated outflow.

The Hluey Lakes Facility must respond immediately to load changes as it is the main source of power generation for the town of Dease Lake. This is accomplished by using a 100 kilowatt load bank, a system designed to provide regulation and load stabilization. As load demand increases, electricity will automatically be diverted from the load bank to the connection line, and vice versa. In order to provide power to the load bank, the facility is run to generate slightly more than the expected load with the excess diverted to the load bank.

The Hluey Lakes Facility is responsible for the ongoing maintenance of the connection line up to the BC Hydro substation in a manner that meets BC Hydro's technical requirements. These requirements include standard terms regarding maintenance, outages, product quality, protection and control, and equipment inspection.

The Hluey Lakes Facility was designed and constructed to meet the demand for energy not only for the town of Dease Lake, but also for any future integration of the nearby towns of Telegraph Creek and Iskut in order to reduce the degree of reliance by these communities on isolated diesel systems. All necessary civil works, including the reservoir, the water conveyance system and powerhouse foundations, are in place for the potential installation of a second turbine/generator in connection with any expansion of the facility. Any contemplated expansion of the Hluey Lakes Facility would require agreement with BC Hydro on the terms and conditions for the sale of additional electricity.

During 2010, the Corporation initiated improvements to the SCADA software system at the Hluey Lakes Facility. The SCADA system monitors facility operations to collect operational and technical data required to improve operational efficiencies. This project is scheduled for completion during the third quarter of 2011.

Hluey Lakes Power Purchase Agreement

Under a PPA dated November 1, 1993, as amended, with BC Hydro (the "Hluey Lakes PPA"), BC Hydro is obligated to purchase all energy required to meet the load demand of Dease Lake from the Hluey Lakes Facility until January 31, 2020. The three MW installed capacity of the Hluey Lakes Facility is expected to meet the requirements of the town of Dease Lake until such time.

BC Hydro has the exclusive right to purchase electricity from the Hluey Lakes Facility for an unspecified additional period at a price and on terms and conditions to be negotiated. The exclusive right terminates 18 months before the termination of the Hluey Lakes PPA unless an agreement regarding price, terms and conditions has been entered into by the parties. Under the Hluey Lakes PPA, the Hluey Lakes Facility may also sell power in excess of Dease Lake's load demand to third parties provided that all regulatory approvals have been obtained, the third party customers are not supplied by BC Hydro, the requirements of Dease Lake are first met and the power quality to Dease Lake is not impaired.

The payments by BC Hydro for power from the Hluey Lakes Facility are generally based on the following three components: (i) debt service and return on equity; (ii) operations, maintenance and insurance payments; and (iii) water rental and school and property taxes paid in the prior year. Monthly payments are made based on all three components (as described below) provided that no payments are made on account of debt service and return on equity during failed reliability testing period(s) (as described below).

The monthly payment in respect of each component is equal to the amount which results from dividing (i) a predetermined base value for such component multiplied by the amount of electricity delivered by the Hluey Lakes Facility to BC Hydro in that month, by (ii) 102.5% of the prior year's load demand, assuming a plant availability of 98%. Therefore, if actual demand grows by 2.5% and the plant achieves 98% availability, or demand is flat and the plant achieves 100% availability, the entire revenue is earned. Should demand decrease (increase) in the future, revenues are affected only until the decline (growth) subsides, at which time the year-over-year load demand ratio is 1:1 and the entire revenue is again earned.

In determining the monthly payments under the Hluey Lakes PPA, the operations, maintenance and insurance payments base value escalates based on an index published by Statistics Canada. The water rental and school and property taxes base value is paid on the basis of actual costs incurred by the Hluey Lakes Facility in the prior year. Adjustments are made in the last month of each year for any variations in the formula described above from actual results subject to a maximum downward adjustment of 15% and a maximum upward adjustment of 25%.

The payments to be made by BC Hydro under the Hluey Lakes PPA are subject to further adjustment under the terms of a collateral agreement dated May 23, 1997. Under this agreement, BC Hydro is required to pay only 50% of the price otherwise established under the Hluey Lakes PPA (other than the incremental cost of water rentals, which is paid at full price) for all electricity provided in excess of 102.5% of the prior year's load demand, but not for electricity provided in excess of 125% of the prior year's load demand, for which full prices are payable as described above.

The Hluey Lakes Facility is entitled to up to 10 days of scheduled outages in any 12-month period beginning each November 1st, without incurring payments for incremental costs incurred by BC Hydro's back-up diesel generating station. The Hluey Lakes Facility is required to use its best efforts not to schedule outages during the winter period. If BC Hydro is unable to accept electricity due to an outage at its substation, BC Hydro will pay for any electricity that would have been delivered by the Hluey Lakes Facility. If the Hluey Lakes Facility is unable to deliver electricity, other than during a scheduled outage, then the Hluey Lakes Facility must pay BC Hydro the incremental cost of running its back-up diesel generator. If the total duration of forced outages in a year exceeds 20 hours, or if the total number of forced outages in a year exceeds 15, then the Hluey Lakes Facility will be required to undergo a reliability testing period. BC Hydro will pay the full price for electricity delivered during the reliability testing period(s) except that the portion of the price for debt service and return on equity is not paid for electricity delivered during a failed reliability testing period(s).

Land Tenure and Water Rights

The land and water rights in respect of the Hluey Lakes Facility are held pursuant to: (i) a lease with B.C. dated May 29, 2000 with a term of 30 years; (ii) statutory rights of way for the connection line; and (iii) a conditional water licence dated August 1, 1995. Access to the Hluey Lakes Facility is from a public highway over a road situated on Crown land that is subject to a statutory right of way. The BC Hydro interconnect is located at the substation at Dease Lake and the 28 kilometre connection line is situated on leased lands and rights of way.

Arrangements with the Tahltan First Nation

The Tahltan First Nation (which is comprised of the Tahltan and Iskut Bands) entered into a non-disturbance agreement dated February 27, 1999 regarding any potential acquisition of jurisdiction through the treaty process to the lands on which the Hluey Lakes Facility is located or to the rights to impose taxes, fees, levies or other monetary charges. Pursuant to this agreement, the Tahltan First Nation has agreed that if it obtains any such jurisdiction, it will treat all leases, permits, licences and renewals with respect to the Hluey Lakes Facility in a manner consistent with the present treatment by B.C.

The Tahltan Nation Development Corporation ("TNDC"), has the right to purchase all or a portion of the Hluey Lakes Facility at fair market value within six months following the maturity of the initial 20-year term of the Hluey Lakes PPA. If the Hluey Lakes Facility is offered for sale anytime after the fifth year of the Hluey Lakes PPA, TNDC has the right for a 90-day period to negotiate the purchase of the Hluey Lakes Facility before it is offered for sale to others.

In addition, TNDC is entitled to a 33% net profit interest in the Corporation's net profit from sales of power generated by the Hluey Lakes Facility to industrial customers other than BC Hydro. To date, there have been no sales to industrial customers other than BC Hydro.

Wawatay Facility

Overview

The Wawatay Facility is a run-of-the-river waterpower facility located on the Black River, 30 kilometres east of Marathon, Ontario. Commercial operation of the Wawatay Facility began in 1992. Electricity from the Wawatay Facility is delivered through the facility's six kilometre connection line which connects into the Hydro One transmission system. The Wawatay Facility is operated by Regional Power pursuant to the Waterpower O&M Agreement (see "Narrative Description of the Business – Power Infrastructure – Maintenance of Waterpower Facilities and Waterpower O&M Agreement").

The Wawatay Facility has an installed capacity of 13.5 MW. It has three double horizontal Francis turbine/generator sets of 4.5 MW each, a gross operating head of 48 metres and is designed to use a flow of up to 34.5 cubic metres per second. The intake structure is located upstream from an existing dam on the Black River. Water at the intake flows through a 625 metre rock tunnel/steel penstock. A trifurcation in the penstock distributes the water to the turbines and the water is then returned to the river through the tailrace built into the bank of the Black River. The drainage area of the Black River is 1,980 square kilometres.

During 2010, the Corporation initiated improvements to the SCADA software system at the Wawatay Facility. This project is also scheduled for completion during the third quarter of 2011.

Wawatay Power Purchase Agreement

Power produced by the Wawatay Facility is sold exclusively to OEFC under a PPA dated April 1, 1992 (the "Wawatay PPA") pursuant to which OEFC has committed to purchase all power produced by the facility. The Wawatay PPA has an initial term of 50 years from the commercial in-service date, which was July 2, 1992. Following the initial term, the Wawatay PPA will automatically continue in force for renewal terms of one year each provided that either party may, with at least one year's prior written notice, terminate the Wawatay PPA upon the expiry of the initial term or any renewal term.

The Wawatay PPA has different pricing provisions for power produced during summer and winter as well as for power produced during On-peak Hours and off-peak hours based on an escalation mechanism established by OEFC. Higher rates are paid for electricity sold to OEFC during the winter or during On-peak Hours than those for electricity sold during the summer or during off-peak hours. The Wawatay PPA contains pricing provisions designed to ensure that payments by OEFC are sufficient to repay the $20 million original aggregate principal amount term loan (the "Wawatay Loan") by the Corporation (as successor lender) to MPC (as successor borrower) secured by the Wawatay Facility, that matures in July 2012 and bears an interest rate of 9.80% calculated and payable monthly over the term of the Wawatay Loan, which coincides with the first 20 years of the Wawatay PPA (the "Wawatay Amortization Period"). Payments made by OEFC during the Wawatay Amortization Period are comprised of: (i) a yearly amount (paid in monthly instalments) necessary to fully amortize and pay the Wawatay Loan over the Wawatay Amortization Period (the "Wawatay Guaranteed Payment"); (ii) a monthly payment based upon the actual generation of power up to 120% of target generation multiplied by the performance rate as set out in the Wawatay PPA (the "Wawatay Performance Payment"); and (iii) a monthly payment based on generation in excess of 120% of target generation multiplied by the rate for excess generation as specified from time to time by OEFC.

Neither party under the Wawatay PPA will be held responsible or liable or be deemed in default or breach of the agreement if an event of force majeure prevents it from fulfilling its obligations thereunder. An event of force majeure is defined in the Wawatay PPA as any cause which is unavoidable or beyond a party's reasonable control which wholly or partially prevents the parties or either of them from carrying out the terms of the agreement.

The Wawatay Guaranteed Payments and the Wawatay Performance Payments under the Wawatay PPA during the Wawatay Amortization Period to date have resulted in aggregate payments from OEFC for power at rates higher than OEFC's base rate as set out in the Wawatay PPA. Accumulated payments in excess of the base rate are known as "generator debt" (referred to as "levelization amount" in the consolidated financial statements of the Corporation), and are required to be repaid to OEFC by the end of the term of the Wawatay PPA. At the end of the Wawatay Amortization Period it is expected that OEFC will pay for power delivered up to 120% of the target generation at the performance rate. This repayment for each month, which is determined by multiplying the power delivered, up to 120% of the target generation by the difference between the base rate and the performance rate, will then be applied from time to time against the outstanding generator debt balance until the generator debt reaches nil or until the end of the Wawatay PPA in 2042. At the time the Wawatay PPA was entered into, it was originally expected that the accumulated generator debt would be fully or partially offset by increases in the DCR, which was the originally contemplated escalation mechanism previously referenced by the Wawatay PPA. However, anticipated increases in the DCR did not occur. In December 2003, a new agreement was reached with OEFC to replace (retroactive to January 1, 2002) the DCR with an escalator based on the year over year change of a number of factors including Ontario energy prices, wholesale market prices, the transmission service charge as well as other components. This agreement established a floor and ceiling range for the escalator and has the effect of increasing the Wawatay Performance Payments received under the Wawatay PPA. Depending on the escalator applied, generator debt could be eliminated before the end of the Wawatay PPA term. As at December 31, 2010, the balance of the generator debt (principal and accrued interest) associated with the Wawatay Facility was $23.7 million. Interest accrues on the generator debt at a variable rate, which currently approximates 6.94%.

OEFC has the right to take a security interest in the Wawatay Facility to secure payment of the outstanding generator debt. Unless the generator debt is paid, or a compromise is negotiated with OEFC, OEFC will have the right to realize upon the Wawatay Facility pursuant to such security upon termination of the Wawatay PPA in 2042.

The Wawatay PPA also contains a number of provisions that apply if the actual amount of power generated by the facility is below the target generation level specified in the agreement (such deficiency is referred to as the deficiency value and accumulated revenue related to this deficiency is tracked in an Accumulated Deficiency Value account). Where actual generation exceeds 120% of target generation, then the revenue associated with such excess generation is applied to reduce the balance of the Accumulated Deficiency Value account, if any, or paid to the owner of the Wawatay Facility if the balance of the account is nil. In certain circumstances, upon the target generation levels not being met over a specified period of time, OEFC may reduce the Wawatay Performance Payment by an amount equal to the "profit portion" of such payment. The "profit portion" of the Wawatay Performance Payment is calculated as the amount of such payment less the operating and maintenance costs of the Wawatay Facility. Over the past several years, the Wawatay Facility has periodically produced less than the specified target generation level and OEFC is entitled to reduce the Wawatay Performance Payment as described above and apply such amount to reduce the balance of the Accumulated Deficiency Value account (which results in the reduction in the levelization amount.). However, OEFC has not reduced the Wawatay Performance Payment. In addition, in other circumstances, OEFC would be entitled to give a notice of default of the Wawatay PPA, terminate the Wawatay PPA and enforce its security, subject to the right of the owner of the Wawatay Facility to cure such default by making a payment to OEFC calculated in accordance with the terms of the Wawatay PPA. As at December 31, 2010 the balance of the Accumulated Deficiency Value account was approximately $3.87 million.

First Nations Net Profits Interest Agreement

Under a net profits interest agreement made in 1990, the Ojibways of the Pic River First Nation (the "Pic River FN") hold a net profits interest in the Wawatay Facility (the "Wawatay Net Profits Interest"). The Wawatay Net Profits Interest entitles the Pic River FN to 10% of the positive balance in the Wawatay Net Profits Interest account, if any, payable monthly, less the cumulative amounts previously paid on account of the Wawatay Net Profits Interest. The Wawatay Net Profits Interest account equals the excess obtained by subtracting from the cumulative revenues of the Wawatay Facility the sum of the cumulative costs and the cumulative deemed interest charges. In accordance with the Wawatay Net Profits Interest agreement, the Pic River FN received payments totalling $264,604 in respect of the year ended December 31, 2010.

Under the terms of the Wawatay Net Profits Interest agreement, the Pic River FN has agreed that if its claim to any aboriginal interest in or rights to any lands or waters or activities carried on in, on or over any lands or waters shall at any time be upheld by a court, the Pic River FN will not exercise any such interest or rights so as to in any manner interfere with the operation of the Wawatay Facility or any modification or expansion thereof. The agreement requires the Wawatay Facility to use its best efforts to give priority to employing members of the Pic River FN who are equally qualified with other persons being offered employment and to require its contractors and subcontractors to use their best efforts to give such priority in employing personnel to work at the Wawatay Facility.

Under the terms of the Wawatay Net Profits Interest agreement the Pic River FN is entitled to 90 days' notice of any proposed sale of the Wawatay Facility and to purchase all the assets proposed to be sold at the price and upon the terms specified in the notice within said 90-day period.

Land Tenure and Water Rights

The land and water rights in respect of the Wawatay Facility are held: (i) pursuant to a water power lease with the Province of Ontario made January 1, 1992 for a term of 20 years from June 18, 1992 with three rights of renewal of 10 years each and which provides for certain annual payments; (ii) freehold with respect to certain lands; and (iii) pursuant to two perpetual easements each dated May 1, 1992 for roads and the connection line from the facility to a public highway and Hydro One's transmission system interconnect.

Dryden Facility

Overview

The Dryden Facility is comprised of three waterpower generating stations with a total installed capacity of 3.25 MW. The Wainwright generating station was built in 1922 on the Wabigoon River in Dryden, Ontario, five kilometres downstream of the outlet of Wabigoon Lake. The Eagle River generating station was built in 1928 at the outlet of Eagle Lake about 30 kilometres west of Dryden. The McKenzie Falls generating station was built in 1938 on the Eagle River two kilometres downstream of the Eagle River generating station. The generating stations were originally built by the Dryden Paper Company Limited to supply electricity to its mill in Dryden. The Dryden Facility is operated by Regional Power pursuant to the Waterpower O&M Agreement (see "Narrative Description of the Business – Power Infrastructure – Maintenance of Waterpower Facilities and Waterpower O&M Agreement").

The generating stations comprising the Dryden Facility obtain water from large drainage areas, which include large lakes. The size of these drainage areas mitigates against changes in water flow which might otherwise be caused by variations in precipitation. The Wainwright generating station has a single vertical fixed blade propeller turbine that operates under a head of 8.8 metres and with a flow of up to 17 cubic metres per second. The Eagle River generating station has a single vertical Francis turbine that operates under a head of 10 metres and a flow of up to 17 cubic metres per second. The McKenzie Falls generating station has a single vertical double regulated Kaplan turbine that operates under a head of eight metres and with a flow of up to 17 cubic metres per second.

Commencing in the third quarter of 2009, the 1.05 MW Wainwright generating station did not produce any electricity while a new turbine was installed. The installation was successfully completed in February 2010 and the facility commenced producing electricity at that time.

Dryden Power Purchase Agreement

Power produced from the Dryden Facility is sold exclusively to OEFC under a PPA dated October 23, 1990 (the "Dryden PPA"). OEFC has agreed under the Dryden PPA to purchase all power produced by the generating stations that comprise the Dryden Facility. The Dryden PPA has an initial term of 30 years ending on November 1, 2020. Following the initial term, the Dryden PPA will automatically continue in force for renewal terms of one year each, provided that either party may, with at least one year's prior written notice, terminate the Dryden PPA upon the expiry of the initial term or any renewal term thereafter.

The Dryden PPA has different pricing provisions for power produced during summer and winter as well as for power produced during On-peak Hours and off-peak hours. Higher rates are paid for electricity sold to OEFC during the winter or during On-peak Hours than those for electricity sold during the summer or during off-peak hours.

The Dryden PPA contains provisions regarding generator debt that function similarly to those in the Wawatay PPA. On August 31, 2008, the generator debt associated with the Dryden Facility was fully repaid. As the guaranteed payments ended in October 2005 and the generator debt is now nil, for the remaining term of the Dryden PPA, OEFC will pay for the actual power generated at the Dryden Facility in each month at the base rate.

Land Tenure and Water Rights

The land and water rights in respect of the Wainwright generating station are held: (i) pursuant to a water power lease which will expire December 31, 2022, subject to renewal rights, and (ii) freehold with respect to the flood plain and lands on which a portion of the dam is located. Access to the Wainwright generating station from Highway 17 is by private road egressing to Kellar road, which intersects with the highway. The connection line to the Hydro One interconnect is a 12.5 kV line running over the Wainwright generating station land and connects to the Hydro One distribution line along Kellar Road.

The land and water rights in respect of the Eagle River generating station and the McKenzie Falls generating station are held: (i) pursuant to a water power lease with the Province of Ontario which expires December 31, 2022, subject to renewal rights; and (ii) freehold with respect to the flood plain. A connection line connects the McKenzie Falls generating station to the Eagle River generating station. While this line was originally laid out under rights granted to Dryden Paper Company Limited, those rights were withdrawn from title, perhaps inadvertently, by Dryden Paper Company Limited. Although the Corporation believes that it is unlikely to affect the connection line, the lack of registered title could require the construction of a new connection line in the event of a challenge by owners of the land over which the connection line runs. Regional Power, the previous owner of the Dryden Facility, has agreed to indemnify the Corporation (as successor to the Fund) in the event of such an occurrence. Hydro One's distribution grid interconnect is located on the land rights held by an affiliate of the owner of the Dryden Facility. Access to the Eagle River generating station and the McKenzie Falls generating station is directly off of Highway 594.

Maintenance of Waterpower Facilities and Waterpower O&M Agreement

The Waterpower Facilities have maintenance programs that include regular inspections and overhauls and repairs and modifications are conducted in accordance with the equipment manufacturers' recommendations and industry standards. There are routine maintenance programs for each turbine and generator. In addition, the turbines and generators require periodic major maintenance, during which time the turbine and generator may not operate for a number of weeks.

The Waterpower Facilities are operated by Regional Power. Regional Power and its predecessors have operated the Wawatay Facility since its completion in 1992, the Sechelt Facility since its completion in 1997, the Hluey Lakes Facility since its completion in 2000 and the Dryden Facility since 1986. Under the Waterpower O&M Agreement dated November 14, 2001, Regional Power operates, maintains and manages the Waterpower Facilities in accordance with prudent industry practice and an annual operating plan developed by Regional Power and approved by MPT Hydro LP (as assignee of CPOT), the owner of the Waterpower Facilities.

The Waterpower O&M Agreement provides for an initial fee of $450,000 per year to Regional Power, which escalates annually for increases in the Consumer Price Index for Canada. The Waterpower O&M Agreement has an initial term of 10 years, expiring on November 30, 2011, which is automatically renewable for two additional five-year terms unless Regional Power provides notice otherwise at least 180 days prior to the end of the initial term or the first five year renewal, as the case may be. Each such right of renewal is subject to the Waterpower Facilities having been available to produce for a specified percentage of hours per calendar year (after adjusting for force majeure events, insurable events and scheduled major replacement and/or overhauls of major components) on average over the last five years and for any three of the last five years of the previous term of the agreement. MPT Hydro LP has the right to terminate the Waterpower O&M Agreement if an independent review determines that Regional Power is not operating any Waterpower Facility in a manner consistent in all material respects with industry practice or that the practices of Regional Power have led to a material deterioration of the economic or physical performance or condition of any Waterpower Facility. In addition, the Waterpower O&M Agreement contains other customary termination provisions.

Regional Power is entitled to receive an incentive payment (up to a maximum of $50,000) equal to 50% of the amount by which the adjusted operating cash flow of the Waterpower Facilities for such year (other than from the sale of emission reduction credits or a retroactive adjustment to the DCR or reduction in generator debt) exceeds the reference cash flow agreed to between MPT Hydro LP and Regional Power. To the extent that adjusted operating cash flow in a year (other than from the sale of emission reduction credits or a retroactive adjustment to the DCR or reduction in generator debt) is lower than the reference cash flow specified for such year, Regional Power is required to pay 50% of such shortfall to MPT Hydro LP, up to a maximum payment of $25,000 in any year, with 50% of any additional shortfall, up to a maximum amount of $25,000, to be set off against future incentive payments.

Whitecourt Facility

Overview

The Whitecourt Facility is a wood waste-fired electricity generating plant located near Whitecourt, Alberta, with a gross installed capacity of 28 MW. The Whitecourt Facility is comprised of one steam turbine and one generator. Other major components of the Whitecourt Facility include: a 236,000 lbs/hr fluidized bubbling bed boiler with combustion air re-injection; wood receiving, hogging, conveying, stockpiling and reclaiming systems; a four compartment 'Wheelabrator' fly-ash handling system with supporting ash handling equipment; a cooling tower with a two-pass condenser; and self-unloading trucks for the transport of wood waste materials.

The Whitecourt Facility has a maintenance program which includes regular inspections and overhauls, and repairs and modifications conducted in accordance with equipment manufacturers' recommendations. There is a routine maintenance program for the boiler and auxiliaries, which are inspected and maintained twice a year, with each inspection typically requiring a five-day outage. In addition, the turbine and generator follow a major maintenance overhaul scheduled approximately every seven years (next in 2016), during which time the facility does not operate. For the year ended December 31, 2010, total capital expenditures to support the Whitecourt Facility's ongoing reliability amounted to $287,316, which included the replacement of the facility's air compressor.

Whitecourt Power Purchase Agreement

Power produced at the Whitecourt Facility is sold pursuant to a PPA dated November 6, 1990 (the "Whitecourt PPA") with TransAlta Utilities Corp. ("TransAlta"). The terms of the Whitecourt PPA were specified by the *Small Power Research and Development Act* (Alberta) ("SPRDA"). The Whitecourt PPA requires TransAlta to purchase the first 20.7 MW of power produced by the Whitecourt Facility on a continuous basis. The Whitecourt PPA has a term of 20 years from the date on which the Whitecourt Facility received its final allocation under the

SPRDA, which was in December 1994. Pursuant to amendments to the *Electric Utilities Act* (Alberta) (the “EU Act”) in 2000, the rights and obligations of TransAlta under the Whitecourt PPA have been transferred to the Balancing Pool and TransAlta simply functions as a flow-through entity between the Whitecourt Facility and the Balancing Pool. See “Narrative Description of the Business – Power Infrastructure Industry – Regulatory Environment – Alberta”.

The contract price for power under the Whitecourt PPA was set by the SPRDA and escalated annually until 2004 and has remained fixed at the 2004 price as a result of a ruling of the Alberta energy utility regulatory authority.

TransAlta may disconnect the Whitecourt Facility upon 30 days’ written notice if the Whitecourt Facility is in violation of any term or condition of the Whitecourt PPA and the violation is not remedied within the notice period. TransAlta may also disconnect the Whitecourt Facility without notice in the event of substandard power delivery or safety risks. All remedial expenses to reconnect are for the account of the Whitecourt Facility.

The balance of the net capacity of the Whitecourt Facility (which historically has averaged approximately 3.50 MW) is not contracted under the Whitecourt PPA. Prior to January 1, 2010, such power was sold at the monthly hourly average Power Pool spot price. Since that date, such excess power has been sold at the hourly Power Pool spot price. See “Narrative Description of the Business – Power Infrastructure Industry – Regulatory Environment – Alberta”.

Wood Waste Supply Arrangements

The Whitecourt Facility consumes approximately 300,000 green metric tonnes of wood waste per year. Wood waste fuel is delivered at the Whitecourt Facility’s cost by the facility’s fleet of three tractor trailer trucks. Millar Western Industries Ltd. and Millar Western Pulp Ltd. (collectively, “Millar Western”) operate a sawmill and a pulp mill that are located approximately three kilometres away from the Whitecourt Facility. Millar Western has agreed to supply (or procure at its cost) a minimum of 275,000 green metric tonnes of wood waste per year to the Whitecourt Facility for a term of 20 years that commenced in July 1996. Millar Western pays the Whitecourt Facility a flat fee of $0.50 per metric tonne during the term of the contract. The remaining 25,000 green metric tonnes of wood waste required by the facility is either supplied by Millar Western (in excess of its minimum supply obligations under its wood waste supply agreement) or by other forestry products companies in the area.

Chapais Facility

Overview

The Chapais Facility is a wood waste-fired electricity generating plant located in the town of Chapais, Québec, approximately 600 kilometres northwest of Québec City, with a gross installed capacity of 31 MW. The Chapais Facility is owned by Chapais Énergie, société en commandite (“CHESEC”), a limited partnership whose sole general partner is Chapais Électrique Limitée (“CHEL”) and whose limited partners are CHEL and a wholly-owned subsidiary of CHEL. The power from the Chapais Facility is sold to Hydro-Québec through an interconnect point at a substation approximately 1.5 kilometres from the facility.

The Chapais Facility includes: one steam turbine; one generator; a 250,000 lbs/hr fixed pin hole grate boiler with combustion air reinjection; wood receiving, conveying, screening, hogging, stockpiling and reclaiming systems; an ash handling unit; and a cooling tower with a condenser. In May and October of each year, there are scheduled shut-downs at the Chapais Facility to perform maintenance and mechanical inspections. In addition, the turbine generator follows a major maintenance overhaul scheduled approximately every eight years (next in 2012), during which time the facility does not operate.

Corporation’s Investment

CPOT Holdings Corp., an indirect subsidiary of the Corporation owns 105 of the 336 outstanding Class B preferred shares in the capital of CHEL (the “CHEL Class B Shares”). The remaining outstanding capital of CHEL consists of 50 common shares and 400 Class A shares, all of which are owned by third parties (among them an affiliate of Probyn Power Service Inc. (“Probyn Power”), the manager of the facility). Although the CHEL Class B

Shares are non-voting, pursuant to a shareholders agreement dated December 6, 1999 between CHEL and its shareholders, the approval of 70% of the holders of the CHEL Class B Shares is required to approve certain matters, including the entering into by CHEL of agreements other than in the ordinary course of business or the entering into by CHEL of any material agreement. The approval of all holders of CHEL Class B Shares is required to approve certain matters, including the issuance of any securities of CHEL, the taking of any action to liquidate, dissolve or wind-up CHEL, the sale of all or substantially all of CHEL's assets or for CHEL to borrow money. The CHEL Class B Shares entitle the holders to a preferential dividend from CHEL on the basis of 95% to the holders of CHEL Class B Shares and 5% to the holders of common shares until a threshold amount of $12,300,000 plus 11.789% interest per annum, compounded semi-annually, has been paid to holders of CHEL Class B Shares by way of preferential dividends. Dividends on the CHEL Class B Shares have never been paid. The Corporation does not record any income on its equity interest in CHEL as the investment has been fully impaired and management does not expect to recover any income from the investment. The Class A shares of CHEL are also non-voting and are only entitled to receive dividends once the holders of the CHEL Class B Shares have received their preferential dividend.

CPOT Holdings Corp. is also a lender to CHESEC. As at December 31, 2010, CHESEC indirectly owed CPOT Holdings Corp.: (i) $5.5 million constituting the CHESEC Tranche A Senior Debt, which bears interest at a rate of 10.789% per annum and is payable by monthly blended payments of principal and interest to fully repay the debt by the maturity date in December 2015; (ii) $3.6 million (including accrued and unpaid interest) constituting the CHESEC Tranche B Senior Debt, which bears interest at a rate of 4.91% per annum, payable by semi-annual interest payments with annual principal payments based on CHESEC's free cash flow and which matures in December 2015; and (iii) $2.6 million of subordinated debt of CHESEC, which matures in December 2015, does not bear interest and under which no principal payments are due until all of CHESEC's outstanding Tranche A and Tranche B senior debt owed to all lenders (including amounts owed to CPOT Holdings Corp.) is fully paid off.

As a result of certain Québec legislation limiting timber cutting, which was enacted in 2006, the average price of fuel supplied to the Chapais Facility has increased, resulting in the suspension by CHESEC of the semi-annual interest payments on CHESEC's Tranche B senior debt. The date on which interest payments are expected to resume is uncertain due to the continued impact of the above-noted legislation and current economic conditions. Interest is accrued on the unpaid interest and is added to the outstanding amount owed under CHESEC's Tranche B senior debt during the period of the suspension of interest payments.

Chapais Power Purchase Agreement

Power produced at the Chapais Facility is sold pursuant to a PPA with Hydro-Québec dated March 30, 1992, as amended (the "Chapais PPA"). The Chapais PPA has an initial term ending on November 30, 2015, but the term may be extended to 2020 at the request of CHESEC. This extension is subject to obtaining certification by an engineering firm acceptable to Hydro-Québec as to the Chapais Facility's useful life over the requested extension. The price for electricity to be paid during the extension period is to be agreed upon with Hydro Québec at that time.

The Chapais PPA requires the Chapais Facility to produce (a) a minimum of 198,064 MWh annually and (b) 95% of the contractual capacity of 28 MW during the winter months of December to March. The Chapais PPA provides for a penalty in the event that the annual production at the Chapais Facility falls below the contractual energy threshold. Pursuant to the Chapais PPA, a shortfall in the delivery of the 95% contractual winter capacity for two consecutive years would permit Hydro-Québec to impose a permanent *pro rata* reduction in the contractual capacity. Since it began production, the Chapais Facility has not had any major mechanical difficulties and has exceeded both the minimum contractual annual energy threshold and the 95% contractual winter capacity required by the Chapais PPA for the past 15 years.

Electricity delivered to Hydro-Québec in excess of 105% of 208,488 MWh per year (209,060 MWh in leap years) is paid at an occasional energy rate that is significantly lower than the rates paid for amounts of power sold under that threshold. Both the energy rate and the capacity rate are escalated annually by the Consumer Price Index for Greater Montréal, subject to a minimum escalation of three percent and a maximum of six percent per year.

Chapais O&M Agreement

Pursuant to the Chapais O&M Agreement, the base fee payable to Probyn Power is $16,666 per month and is adjusted at the beginning of each contract year by a percentage equal to the rate of increase paid by Hydro-Québec for capacity pursuant to the Chapais PPA (the "Chapais PPA Escalator"). Probyn Power is entitled to receive a bonus of 30% of the positive difference between the operating income and the operating income target of the Chapais Facility provided that the maximum bonus in any year shall not exceed $150,000 as adjusted upwards by the Chapais PPA Escalator. Probyn Power employs the Chapais Facility's 29 operating and maintenance personnel.

Probyn Power has been retained directly by CHESEC. The ability of the Corporation and the Manager to control or influence the operations of the Chapais Facility is limited as a result of the Chapais O&M Agreement and the Corporation's indirect minority equity interest in CHEL.

Wood Waste Supply Arrangements

The Chapais Facility consumed approximately 428,789 green metric tonnes of wood waste during the year ended December 31, 2010. Approximately 137,492 green metric tonnes, including sawdust, was supplied by the Barrette-Chapais Mill ("Barrette"), located approximately 10 kilometres from the Chapais Facility, approximately 155,545 green metric tonnes (including stockpile) was supplied by the Chantiers Chibougamau Mill ("Chantiers"), located approximately 40 kilometres from the Chapais Facility, approximately 42,735 green metric tonnes was supplied by société en commandite Sciere Opitciwan, located approximately 325 kilometres from the Chapais Facility, and approximately 93,017 green metric tonnes were acquired at spot prices from existing forest biomass, wood waste industry operations and stock piles.

Barrette supplies wood waste to the Chapais Facility under a 20-year supply agreement ending on November 30, 2015. The agreement provides the Chapais Facility with the exclusive right to buy wood waste, but the agreement does not contain a minimum amount of wood waste that must be supplied to the Chapais Facility. This agreement may be renewed on the same terms by CHESEC for an additional five years. The price for wood waste under the agreement is escalated annually by the Consumer Price Index for Greater Montréal (with a minimum escalation of three percent and a maximum escalation of six percent per year).

Chantiers supplies wood waste to the Chapais Facility under a 20-year supply agreement ending in 2015. Wood waste is supplied under this agreement at no cost. Effective January 1, 2007, CHESEC commenced paying Chantiers for fuel handling charges. This agreement may be renewed on the same terms by CHESEC for an additional five years. In May 2008, Chapais signed a contract with Chantiers providing Chapais with the exclusive right to recover Chantiers' old bark pile consisting of an estimated 125,000 green metric tonnes.

On November 11, 2010, Chapais renewed its contract with société en commandite Sciere Opitciwan for the supply of 45,000 green metric tonnes of wood waste per year, for a term ending on November 30, 2015. The price is escalated annually by two percent and adjusted for diesel fuel price escalation. This contract may be renewed for an additional term of three years. The price will be re-negotiated at the time of renewal.

Transportation vehicles and employees to haul the wood waste and to dispose the ash from the Chapais Facility are provided under a contract with Transport Lepage Inc.

Amherstburg Solar Park

Overview

The Amherstburg Solar Park is a 20 MW solar photovoltaic power project located in the town of Amherstburg, Ontario, approximately 30 kilometres southwest of Windsor, Ontario. The Amherstburg Solar Park will use SunPower's solar PV panels, which deliver a conversion efficiency of about 19.2%. The facility will also use SunPower's single-axis T20 Tracker system, which is engineered to follow the sun during the day, thereby increasing daily electricity production. It is planned that the facility will use a total of 57,906 panels (415 watts each) and 6,434 T20 Trackers (nine panels per tracker) and 40 inverters (500 kW per inverter). The power from the

Amherstburg Solar Park will be sold to the OPA through two interconnecting points with the local distribution company at a substation located at the facility.

On June 23, 2010, two indirect, wholly-owned subsidiaries of the Fund acquired ASP Partnership, the owner of the Amherstburg Solar Park, and ASP GP, the managing general partner of ASP Partnership, from SunPower and ASP Partnership entered into certain agreements under which SunPower agreed to design, build, operate and maintain the facility on behalf of ASP Partnership. The approximately $130 million project (which includes the contract price (the "ASP Contract Price") under the ASP EPC Agreement) is being funded by a syndicate of international lenders, with the approximately $47.8 million ASP Equity Commitment to be contributed by MPC, pursuant to the ASP Equity Contribution Agreement (as defined below), prior to the start of commercial operations, which is anticipated to be in June 2011. As at March 24, 2011, approximately $26 million of such ASP Equity Commitment is remaining. When completed, the Amherstburg Solar Park is expected to produce approximately 37,600 MWh of electricity annually, which is enough to power approximately 4,000 homes.

The description below is a summary only of certain provisions of (i) the purchase agreement dated as of June 23, 2010 between MPT Solar Power #2 Ltd., MPT Solar Power #2 Limited Partnership and SunPower (the "ASP Purchase Agreement"), (ii) the fixed-price engineering, procurement and construction agreement dated as of June 23, 2010 between ASP Partnership and SunPower (the "ASP EPC Agreement"), (iii) the operations and maintenance agreement dated as of June 23, 2010 between ASP Partnership and SunPower (the "ASP O&M Agreement"), (iv) the performance guarantee agreement dated as of June 23, 2010 between ASP Partnership and SunPower (the "ASP Performance Guarantee"), (v) the credit agreement dated as of June 23, 2010 between, among others, ASP Partnership and the ASP Lenders (as defined below) (the "ASP Credit Agreement") and the equity contribution agreement dated as of June 23, 2010 between, among others, MPC (as successor to MPIIT), ASP Partnership, ASP GP, MPT Solar Power #1 Ltd., MPT Solar Power #2 Ltd. and Dexia Credit Local S.A. (acting through its New York Branch), as administrative agent on behalf of the ASP Lenders (the "ASP Equity Contribution Agreement" and, together with the ASP Purchase Agreement, the ASP EPC Agreement, the ASP O&M Agreement, the ASP Performance Guarantee and the ASP Credit Agreement, the "ASP Project Agreements"), which summaries do not purport to be complete and are subject to and qualified in their entirety by the full text of the ASP Project Agreements (see "Material Contracts"). Further, pursuant to the amended and restated management agreement dated as of January 1, 2011 among the Corporation, ASP Partnership and the Manager (the "ASP Management Agreement"), the Manager will provide or arrange for certain management services to be provided in respect of the development and operation of the Amherstburg Solar Park solar power generation facility (see "Management of the Corporation – ASP Management Agreement"). On March 15, 2011, the Corporation announced that it had entered into an agreement with the Manager to terminate the ASP Management Agreement effective April 15, 2011, subject to certain conditions (see "General Development of the Business").

ASP Purchase Agreement

The leases, contracts and permits necessary for the construction and operation of the Amherstburg Solar Park are held by ASP Partnership. Pursuant to the ASP Purchase Agreement, the Fund indirectly acquired the outstanding interests in ASP Partnership and ASP GP for a nominal sum. The ASP Purchase Agreement contains standard representations and warranties from SunPower as well as additional representations and warranties relating to, among other things, the lack of environmental liabilities, aboriginal land claims or expropriation proceedings relating to the land to be used for the Amherstburg Solar Park. These representations and warranties are supported by standard indemnities and SunPower covenanted under the ASP Purchase Agreement to pay the cost for ASP Partnership to maintain environmental liability insurance for the Amherstburg Solar Park and SunPower to pay up to $50,000 in relation to the deductible for the first environmental claim, if any.

ASP EPC Agreement

Immediately after entering into the ASP Purchase Agreement, ASP Partnership entered into the ASP EPC Agreement with SunPower. Pursuant to the ASP EPC Agreement, SunPower has agreed to supply, construct, install and commission solar photovoltaic systems that make up the Amherstburg Solar Park in accordance with the statement of work attached to the ASP EPC Agreement by the required completion date of June 30, 2011 (the "Required Completion Date"). The ASP EPC Agreement is a fixed-price agreement and SunPower is entitled to apply for milestone payments based on a construction schedule to the agreement. The agreement also contains provisions under which SunPower will be obligated to pay liquidated damages in the event that commercial operation of the Amherstburg Solar Park is delayed beyond the Required Completion Date or on the second anniversary of commercial operation in the event of production shortfalls. The ASP EPC Agreement contains standard representations and warranties and customary conditions for termination by ASP Partnership upon the occurrence of certain events of default, including if commercial operation is not achieved within 15 weeks after the Required Completion Date. The agreement also provides for the indemnification of either party in certain circumstances. Each parties' liability under the agreement is generally limited to the ASP Contract Price, except in respect of losses resulting from the gross negligence or wilful misconduct of the other party.

If at any time ASP Partnership's technical advisor is not satisfied that a phase of the Amherstburg Solar Park will achieve commercial operation by the Required Completion Date, SunPower will have a specified number of days to cure. If SunPower fails to cure it will deliver to the ASP Lenders a letter of credit. If the ASP Lenders have drawn down on such letter of credit and/or SunPower has paid all applicable liquidated damages, SunPower will be entitled to repurchase the Amherstburg Solar Park pursuant to a repurchase agreement, the form of which is attached as an exhibit to the ASP EPC Agreement.

ASP O&M Agreement

ASP Partnership and SunPower have entered into the ASP O&M Agreement under which SunPower will operate and maintain the completed Amherstburg Solar Park for a period of 20 years after the commercial operation of the last phase of construction in exchange for a quarterly fee of $4,602 per MW of the Amherstburg Solar Park, paid in advance. The quarterly fee is to be adjusted each January 1st based on the Consumer Price Index. SunPower is required to provide services including the provision of initial training to ASP Partnership's personnel in certain aspects of the operation and maintenance of the photovoltaic system; maintenance services comprising visual inspection of array mechanical components of the system; mechanical maintenance of tracker components and photovoltaic modules and mounting systems, AC and DC electrical components and inverter components; system testing and testing of system components; management of site vegetation; maintenance reporting; certain corrective maintenance, customer service support, warranty administration, and monitoring services. The ASP O&M Agreement contains standard representations and warranties and customary conditions for termination by ASP Partnership upon the occurrence of certain events of default, including a failure by SunPower to perform its material obligations under the ASP O&M Agreement that has not been remedied within a cure period and a force majeure event occurring that prevents SunPower from performing for a period of at least 180 continuous days and ASP Partnership reasonably concludes that such inability is not reasonably likely to be remedied within a further 180 days. ASP Partnership also has a right to terminate without cause on at least 120 days' written notice. SunPower may terminate the ASP O&M Agreement if ASP Partnership fails to pay amounts due under the ASP O&M Agreement and has failed to cure within a set period after notice of same or if ASP Partnership breaches any material obligations under the ASP O&M Agreement and has failed to cure that breach within a cure period. Either party may terminate on 30 days' notice in the event that the ASP EPC Agreement is terminated prior to the commercial operation date of the first phase of the Amherstburg Solar Park. The agreement also provides for the indemnification of either party in certain circumstances. Each parties' liability arising from the agreement is limited to an aggregate liability cap, except in respect of losses resulting from the fraud, gross negligence or wilful misconduct of the other party.

ASP Performance Guarantee

Under the ASP Performance Guarantee, SunPower has guaranteed the weather-adjusted performance of the Amherstburg Solar Park for two years following commercial operation. To the extent that the facility produces less electricity than expected on a weather-adjusted basis, SunPower may owe a payment to ASP Partnership. To the extent that the facility produces greater than expected amounts of electricity, ASP Partnership may owe a portion of the excess revenue to SunPower. Advances on these payments are required to be paid by SunPower or ASP Partnership at the end of each quarter if the Amherstburg Solar Park is performing at less than 90% of expected values or exceeding expectations by 110%, respectively. If the ASP O&M Agreement is terminated by a party without cause, SunPower has the right to terminate the ASP Performance Guarantee. Upon such termination, each party will pay any amounts owing to the other party (as if such termination were the end of a year at which performance of the projects is measured).

SunPower Parent Guarantee

SunPower has unconditionally guaranteed the full and timely performance by its subsidiaries of all their obligations, terms, provisions, conditions, and stipulations under each of the ASP EPC Agreement, the ASP O&M Agreement and the ASP Performance Guarantee (each a "SunPower Obligation"). SunPower has agreed that if any such subsidiary shall in any respect fail to pay, perform, comply with or otherwise observe any SunPower Obligation at any time or from time to time, SunPower shall pay or perform or have paid or performed such SunPower Obligation as required by the applicable agreement (without any requirement that ASP Partnership first proceed or seek recourse against SunPower) promptly, but in no event more than ten business days, following SunPower's receipt of written demand from ASP Partnership regarding a failure to pay or perform an SunPower Obligation.

ASP Credit Agreement and ASP Equity Contribution Agreement

To fund the development of the Amherstburg Solar Park, ASP Partnership entered into the ASP Credit Agreement with Dexia Crédit Local S.A. (acting though its Canada Branch), WestLB AG (New York Branch) and Caixanova (Miami Branch) (collectively, the "ASP Lenders"). Dexia Crédit Local S.A. (New York Branch) acts as administrative agent (the "ASP Credit Administrative Agent") and MPC (as assignee of MPIIT) acts as sponsor under the ASP Credit Agreement. The ASP Credit Agreement provides for a non-recourse construction loan with a maximum principal amount of $96.2 million to be used to fund ASP Partnership's payments under the ASP EPC Agreement. The construction loan will be converted to a term loan at the earlier of the ASP Outside Date and the commercial operation date (as defined in the RESOP Contracts) if certain conditions are met. The "ASP Outside Date" is July 4, 2011 (subject to extension in certain conditions), as extended by up to 180 days of permitted force majeure days under the RESOP Contracts. Advances under the ASP Credit Agreement are available until the earlier of the ASP Outside Date and the commercial operation date. The construction loan is a term loan that is repayable within five years of the commercial operation date of the Amherstburg Solar Park and is to be repaid based on a sculpted 17-year amortization schedule. The ASP Credit Agreement contains conditions precedent (to advances and to the loan conversion), representations and warranties, covenants, indemnities and events of default that are customary for project finance transactions of this nature. Examples of events of default include MPC ceasing to own, directly or indirectly, 100% of the economic and voting interest in ASP Partnership prior to completion of the Amherstburg Solar Park or at least 51% after completion and failure to achieve commercial operation by the ASP Outside Date. The principal amount drawn down under the ASP Credit Agreement will be secured by the pledge of all of the assets of ASP Partnership (including all personal property, real estate rights, material project contracts, permits, insurance) as well as the ownership interests in ASP Partnership and its partners. From and after the date on which the construction facility under the ASP Credit Agreement has been fully drawn down and prior to the commercial operation date of the Amherstburg Solar Park, MPC is required under the ASP Equity Contribution Agreement to make equity contributions to ASP Partnership, whether by subordinated loans or by the purchase of shares or units as applicable, in either case directly to ASP Partnership or through the general partners of ASP Partnership as and when, and to the extent, required by ASP Partnership to pay or fund the remaining costs of the facility, including those that are then due and owing under the ASP EPC Agreement, until such time as the entire ASP Equity Commitment has been advanced. If an event of default occurs under the ASP Credit Agreement or a termination event occurs in respect of the swap contracts entered into in connection with the ASP Credit Agreement, the remainder of the ASP Equity Commitment must be paid to the ASP Credit Administrative Agent. MPC may, however, at any time advance all or any portion of the ASP Equity Commitment. MPC's obligation to contribute the remainder of the ASP Equity Commitment is supported by certain letters of credit held by the ASP Credit Administrative Agent.

RESOP Contracts

Electricity generated by the Amherstburg Solar Park will be sold under the Province of Ontario's Renewable Energy Standard Offer Program ("RESOP"), pursuant to two 20-year contracts (the "RESOP Contracts") with the OPA. Sales of electricity under the RESOP Contracts will commence upon commercial operations of the facility. The RESOP Contracts provide for a guaranteed price of $420 per MWh fixed rates for each year of operation for 20 years following the date of commissioning of the facility. The RESOP Contracts do not contain either a minimum or maximum power delivery obligation and have standard force majeure and termination provisions.

Land Tenure

The land rights in respect of the Amherstburg Solar Park are held pursuant to two leases with two local landowners made as of October 29, 2007 (as amended and assigned from time to time) for a term of 25 years commencing on July 23, 2010, with four rights of renewal for five years each, and which provide for certain rental payments thereunder. Together with the land rights granted pursuant to the leases and certain other rights granted pursuant to ancillary easement, license and similar agreements, ASP Partnership has all real property rights necessary for the operation of the Amherstburg Solar Park.

Operational Permits and Environmental Matters

The Corporation's material assets, being the Whitecourt Facility, the Cardinal Facility, the Erie Shores Wind Farm, the Waterpower Facilities and the Amherstburg Solar Park (collectively, the "Power Infrastructure Facilities") hold all necessary permits and approvals required for their respective operations. The Power Infrastructure Facilities and their respective operations are subject to a complex and stringent environmental, health and safety regulatory regime, including: (a) federal, provincial, municipal and local laws; (b) regulations, by-laws, common law, licences, permits and other approvals; (c) government directions and orders; and (d) government guidelines and policies and other requirements governing or relating to, among other things: (i) air emissions; (ii) taking of water and discharges into water; (iii) the storage, handling, use, transportation and distribution of dangerous goods and hazardous and residual material (such as chemicals); (iv) the prevention of releases of hazardous materials into the environment; (v) the prevention, presence and remediation of hazardous materials in soil and ground water, both on and off site; and (vi) workers' health and safety issues (collectively, "Environmental, Health and Safety Laws"). The Power Infrastructure Facilities are managed in a manner designed to maintain compliance with Environmental, Health and Safety Laws. The Corporation believes that the Power Infrastructure Facilities and their respective operations are in compliance in all material respects with Environmental, Health and Safety Laws.

In particular, the Cardinal Facility is subject to various regulations promulgated under the *Canadian Environmental Protection Act* ("CEPA"), *Environmental Protection Act* (Ontario) and by the Ontario Ministry of the Environment. The *Ontario Emission Trading Regulation* (OR 397/01) establishes the Emissions Trading Registry which provides for the reporting, allocation and retirement of NOx and sulphur dioxide emission allowances. In order to comply with the requirements of OR 397/01, a continuous emission monitoring system was installed in January 2005 at the Cardinal Facility at a cost of approximately $229,000. Both federal and Ontario regulatory authorities have recently implemented new reporting requirements for emissions of other GHGs, including reactive hydrocarbons and CO_2. In 2010, pursuant to a notice given under section 46(1) of CEPA, facilities with GHG emissions of 50,000 tonnes CO_2 equivalent or more per year are required to report their GHG emissions to Environment Canada (starting with 2009 emissions). In 2011, under the Ontario *Greenhouse Gas Emissions Reporting Regulation* (OR 452/09Z), facilities with GHG emissions of 25,000 tonnes CO_2 equivalent or more per year are required to report their GHG emissions to the Ontario Ministry of the Environment (starting with 2010 emissions). Reports prepared in accordance with these new requirements will need to be verified by an accredited third party. A new Water Intake Reporting System under the Permit to Take Water 92-P-4076 requires annual reporting of the volume of water taken by the plant to the Ontario Ministry of the Environment starting in 2010. In addition, the intake and discharge of water from the St. Lawrence River, which is used at the facility for cooling purposes and other processes, is subject to regulation under the Certificate of Approval – Industrial Sewage Works. Chemicals that are used in boiler chemical treatment processes are all received and stored in bulk storage tanks provided by the vendors and are used, stored and disposed of in accordance with applicable regulations. All chemical tanks and oil reservoirs are 110% bermed. Each of the transformers located at the Cardinal Facility has a concrete containment pit as part of its foundation in order to hold any potential oil spill in the event of a transformer failure. The Corporation does not believe that the improper discharge of emissions, untreated water, chemicals or oil at the Cardinal Facility could have an adverse impact upon the business, operating results and financial condition of the facility. The Cardinal Facility incurs the following annual expenses in order to comply with environmental requirements: quality assurance and quality control review of approximately $9,000 per year; ongoing costs associated with the continuous emissions monitoring system of approximately $34,000 per year; and municipal/industrial strategy for abatement monthly and annual reports of approximately $14,000 per year. Total costs associated with environmental protection requirements were approximately $57,000 in 2010.

The Whitecourt Facility is subject to limits governing the emissions of carbon monoxide, NOx and particulates in accordance with the facility's Alberta Environment Approval 291-01-02. The Alberta Environmental Approval requires stack emissions monitoring with two relative accuracy test audits per year and compliance testing for particulate readings through the stack. Pond emissions and groundwater, industrial wastewater and soil monitoring is also mandated at the facility. As well, the handling of wood ash must comply with standards and guidelines for the use of wood ash as a liming material for agricultural soils. Average annual emission levels at the Whitecourt Facility are approximately 50% below the levels of permitted emissions as set out in the Whitecourt Facility's environmental permit. In 2005, the Whitecourt Facility renewed its environmental permit and, as part of the renewal, has the ability to average its carbon monoxide-parts per million emissions for two hours based on a fuel interruption to the furnace, and start-up and shutdown periods are exempt. Previously, approximately 20 to 25 times per year, for a period of approximately one hour, carbon monoxide emissions levels temporarily exceeded permitted levels due to the unavoidable occasional intake of high-moisture content fuel and fuel plugs and fuel feed interruptions caused by the non-uniform nature of wood waste and poor fluidized bed quality. The capital bed drain project that was completed in the spring of 2005 has enabled the facility to maintain more uniform fluidized bed characteristics to help reduce the carbon monoxide excedences since 2005. The Whitecourt Facility is also subject to certain reporting requirements under the Alberta *Specified Gas Emitters Regulation* ("SGER") and the *Specified Gas Reporting Regulation* ("SGRR"). Emissions from biomass combustion are considered CO_2 neutral under the Alberta regulatory regime, so the Whitecourt Facility is not required to submit compliance reports to the Alberta Ministry of the Environment under the SGER due to the facility's low level of GHG emissions once CO_2 emissions from biomass are excluded. However the Whitecourt Facility is required to report total GHG emissions to the Alberta Ministry of the Environment on an annual basis under the SGRR. The most significant expense associated with complying with environmental regulations at the Whitecourt Facility relates to the monitoring and reporting of wastewater effluent, air pollutants and GHGs with an aggregate annual cost of approximately $131,000. The Whitecourt Facility also incurs annual aggregate expenses associated with the purchase of baghouse bags and associated labour of approximately $40,000. The Corporation does not believe that the improper discharge of emissions, untreated water, chemicals or particulate could have an adverse impact upon the business, operating results and financial condition of the Whitecourt Facility.

The Waterpower Facilities' operations are governed by water management plans which specify the hydrological conditions during which production may proceed. The Erie Shores Wind Farm is subject to regulations and/or approvals related to birds, mammals and other animals, and to sound. The primary environmental regulation of the Amherstburg Solar Park relates to potential sound emission issues. The construction and operation of the Amherstburg Solar Park is expected to involve little or no disruption to the land and should not add pollutants to the soil or ground water, thereby minimizing its environmental impact. The Corporation intends to complete inspections of the facility to monitor and mitigate any such risk, and to ensure that it is in compliance with its regulatory requirements.

Due to the nature of their operations, none of the Power Infrastructure Facilities are subject to any material contingent environmental liabilities or environmental remediation costs upon the retirement of assets.

See "Risk Factors – Risks Related to the Power Infrastructure Facilities – Regulatory Regime and Permits" and "Risk Factors – Risks Related to the Corporation – Environmental, Health and Safety Regime".

Climate Change and the Environment

The Corporation's assets are subject to environmental laws, regulations and guidelines at the federal, provincial and local levels. The Corporation's businesses have an impact on the environment, particularly the Cardinal Facility and Whitecourt Facility, which both emit CO_2. The Cardinal Facility also emits NOx. The Corporation complies, in all material respects, with current federal and provincial environmental legislation and guidelines on GHG and other emissions.

Additional Canadian federal and provincial legislation and guidelines to govern and regulate GHG emissions, air pollution and carbon trading systems are in various stages of development, making the final form and scope of proposed legislation and guidelines, and how they may apply to the Corporation's businesses, difficult to predict. It is also unclear how federal and provincial legislation and guidelines will be coordinated. The Canadian federal framework is expected to broadly match any climate change regulation activities that are undertaken in the

United States ("U.S."), where attempts to pass climate change legislation, including legislation for a cap-and-trade system, have been delayed. In both Canada and the U.S., continuing economic uncertainty and the current political environment have proven to be obstacles to legislative change.

The Corporation mitigates the potential impact of future federal and provincial environmental legislation and guidelines by remaining diligent in the operation of its facilities, including stringent policies and procedures to prevent the improper discharge of emissions or other pollutants from its facilities. The Corporation's environmental footprint is also mitigated by the renewable profile of its wind, hydro, biomass and solar power facilities, which could create viable GHG offset credits provided that these businesses meet any applicable eligibility requirements and that they have the ownership of these credits under their respective PPAs. The following discussion provides an overview of Cardinal Facility's and the Whitecourt Facility's environmental performance and how these facilities are positioned to adapt to potential future environmental legislation and requirements.

Greenhouse Gases

In 2010, the Cardinal Facility emitted 562,457 tonnes of CO_2. Natural gas is a fuel source that emits less than half of the GHG gas per unit of energy produced than the cleanest available coal power station. There is currently no legislated limit to the amount of CO_2 that the Cardinal Facility may emit, although the facility is required to report its emissions to Environment Canada and Statistics Canada.

In January 2010, the Canadian federal government announced an updated GHG emissions reduction target of 17% from 2005 emission levels by 2020. This new emissions target, which is down from the federal government's previously announced target of 20% from 2005 emission levels, is aligned with the emissions reduction target announced by the U.S. and will be adjusted to reflect any changes to the final target established by the U.S. In December 2009, Ontario's legislature passed the *Environmental Protection Amendment Act (Greenhouse Gas Emissions Trading)*, which would allow Ontario's proposed GHG cap-and-trade system to link to other systems in North America and abroad. The most likely GHG threshold for the electricity sector is expected to be 25,000 tonnes of CO_2 per year. As a result, the Cardinal Facility may be captured by Ontario's proposed cap-and-trade regime.

The Whitecourt Facility complies with Alberta's SGER, which sets GHG intensity limits for all facilities in Alberta that emit equal to or greater than 100,000 tonnes of GHG emissions per year in CO_2 equivalent units. Although the Whitecourt Facility emits in excess of 100,000 tonnes of CO_2 per year, emissions from biomass combustion are excluded from the calculation of a facility's total GHG emissions under the Regulation, thus bringing the Whitecourt Facility's total GHG emissions to below the 100,000 tonne threshold. The Whitecourt Facility is required to report total GHG emissions on an annual basis under Alberta's SGRR.

Other Air Pollutants

The Canadian federal government is developing a national framework for managing and regulating air pollutant emissions such as NOx, sulphur oxides, volatile organic compounds and particulate matter, including specific caps on pollutants for each sector, including electricity generation. Specific emissions standards and compliance mechanisms have not yet been announced.

Provincial Requirements

Ontario

Ontario legislation that came into effect in 2004 introduced a cap-and-trade system with respect to NOx emissions. Under this system, facilities subject to the legislation receive a maximum yearly emission compliance limit, which may be achieved by source emission control or reduction, or by trading NOx allowances. For 2010, the Cardinal Facility received 698 tonnes of NOx allowances based on actual generation in 2008. The Cardinal Facility expects to retire 376 tonnes of NOx allowances for 2010, leaving a cumulative allowance balance of 4,201 tonnes. NOx emissions from the Cardinal Facility's existing generating equipment fall below the levels mandated by legislation.

Ontario's *Climate Action Plan*, which was released in August 2007, sets out GHG emission reduction targets of six percent by 2014 and 15% by 2020 from 1990 levels across a range of sectors, including electricity generation. This plan remains in place and provides the framework within which Ontario is implementing various GHG reduction initiatives, including investments in green infrastructure and the development of a cap-and-trade system for GHG emissions.

In July 2008, the Ontario government announced that it had joined the Western Climate Initiative ("WCI"), an organization that also includes B.C., Québec, Manitoba and seven U.S. states. The WCI seeks to develop regional strategies to address climate change, including setting an overall regional goal to reduce GHG emissions and the design of a market-based mechanism to help achieve the reduction goal. The WCI released the detailed design recommendations for its regional cap-and-trade program (the "WCI Program") in July 2010. The WCI Program limits the use of offsets as a compliance mechanism to 49% of total emission reductions from 2012 to 2020. The existence of the WCI Program is expected to increase liquidity for carbon instruments across its member jurisdictions and create potential opportunities for eligible Corporation assets to generate offset credits. As a member of the WCI, Ontario intends to implement a cap-and-trade system as part of its strategy to reduce GHG emissions. The Ontario government has indicated that once the WCI cap-and-trade system begins trading as anticipated on January 1, 2012, Ontario's trading system will be linked to the WCI system. In December 2009, the *Environmental Protection Amendment Act (Greenhouse Gas Emissions Trading)* was passed, which allows Ontario's program to link to other systems in North America and abroad. Finally, a discussion paper issued by the Ontario government in June 2009, entitled *Moving Forward: A Greenhouse Gas Cap-and-Trade System for Ontario*, suggests that the most likely threshold for the electricity sector will be 25,000 tonnes of CO_2 per year. The Cardinal facility may be captured by Ontario's proposed cap-and-trade regime as it emits in excess of 25,000 tonnes of CO_2 per year.

The details of the above noted regulations and the impact on emitting entities have not yet been determined. Moreover, it is not yet clear how these initiatives would coordinate with federal and other provincial plans. As a result, the Corporation cannot estimate the impact of these regulations on its operations at this time.

British Columbia

The B.C. government introduced legislation in April 2008 to create a cap-and-trade system for GHG. This enabling legislation provides the framework for the Province to participate in the WCI's cap-and-trade system. The details of B.C.'s cap-and-trade system are expected to be developed in conjunction with the WCI Program. In October 2010, the provincial Ministry of Environment released consultation papers for its proposed *Emissions Trading Regulation* and *Offsets Regulation*, which will provide the framework for the cap-and-trade market in B.C. These regulations are expected to be finalized in spring 2011.

The details of the above noted regulations and the impact on emitting entities have not yet been determined. Moreover, it is not yet clear how these initiatives would coordinate with federal and other provincial plans. As a result, the Corporation cannot estimate the impact of these regulations on its operations at this time.

Alberta

Alberta regulates GHGs from large industrial emitters through the *Climate Change and Emissions Management Act* and associated regulations, including the SGER and SGRR. The Whitecourt Facility complies with the requirements of the SGER, which sets GHG intensity limits for all facilities in Alberta that emit 100,000 tonnes or more per year of CO_2 equivalent. The Whitecourt Facility is not required to submit compliance reports to the Alberta Ministry of the Environment under the SGER because emissions from biomass combustion are considered CO_2 neutral under the Alberta regulatory regime, however it is required to report total GHG emissions on an annual basis under the SGRR.

Québec

Under the Regulation respecting mandatory reporting of certain emissions of contaminants into the atmosphere, R.S.Q. c. Q-2, r. 3.3, reporting thresholds for GHG emissions track those set by Environment Canada for the National Pollutant Release Inventory. In June 2009, the Québec government adopted enabling legislation for a GHG emissions cap-and-trade system.

Seasonality

As both the Cardinal PPA and the Cardinal GPA are long-term contracts with fixed prices, the results of the Cardinal Facility are not significantly affected by fluctuations in the market prices for electricity or natural gas. However, the Cardinal 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 the facility's quarterly results. The Whitecourt Facility sells a portion of the power produced to the Power Pool at spot prices which can vary significantly at different times of the year depending on energy consumption and supply in Alberta. In addition, the major maintenance activities at both the Cardinal Facility and the Whitecourt Facility are generally performed during the April to July period, which affects operating results during that time. Excess natural gas not consumed at the Cardinal Facility is periodically sold under the Cardinal Gas Mitigation Agreement, which can partially offset this seasonality.

Electricity generated by the Erie Shores Wind Farm 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. Similarly, electricity generated by the Amherstburg Solar Park is expected to fluctuate with the natural solar insolation in the area of the facility. During the summer, solar insolation is expected to be significantly greater than during the winter.

A significant portion of electricity generated by the Waterpower 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. The Wawatay PPA and the Dryden PPA have different pricing provisions for electricity produced, depending on the time of year. OEFC pays higher rates for electricity produced during the months of October to March.

The PPA with Hydro Québec 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 Québec pays an additional capacity premium.

The seasonality of wind speed and density, water flows, solar insolation and pricing provisions within certain of the Power Infrastructure Facilities' PPAs may result in fluctuations in the Corporation's revenue and net income during the year. The Corporation maintains reserve accounts and free cash in order to offset the seasonality and other factors that may impact electricity production. The Corporation believes that the active management of the reserve accounts and free cash will be sufficient to maintain level monthly dividends to holders of Common Share ("Shareholders") in 2011. See "Dividends – Dividend Policy".

Reserve Accounts

The Corporation has established a general reserve account, a capital expenditure reserve account and a major maintenance reserve account (collectively referred to as the "Reserve Accounts"). As at December 31, 2010, the balance in each of the Reserve Accounts was: $5.0 million for the general reserve account; $2.1 million for the capital expenditure reserve account; and $4.5 million for the major maintenance reserve account. The amounts in the Reserve Accounts are held in accounts with a Canadian chartered bank.

The funds in the major maintenance reserve account are available to fund major maintenance expenses at the Power Infrastructure Facilities. The funds in the capital expenditure reserve account are available to the Power Infrastructure Facilities for capital expenditures. The funds in the general reserve account are available to the Corporation for distribution to Shareholders as dividends, at the discretion of the Board of Directors, in the event that the cash available for distribution to Shareholders as dividends is less than the amount that had been anticipated to be available for distribution as dividends by the Corporation for any period. Fluctuations in cash available for distribution to Shareholders as dividends may result from a variety of factors including the operational performance of the Power Infrastructure Facilities and servicing of the related debt obligations (see "Risk Factors").

Power Infrastructure Industry

Overview

Historically, the Canadian electricity industry was characterized by vertically-integrated monopolies, such as Ontario Hydro. During the late 1980s, several jurisdictions began a process of restructuring by moving away from these monopolies towards more competitive market models. Rapid growth in electricity demand, environmental concerns, increasing electricity rates, technological advances and other concerns prompted government policies to encourage the supply of electricity from independent power producers ("IPPs"). IPPs generate electricity from a number of sources, including water, natural gas, coal, waste products such as biomass and landfill gas, geothermal sources such as heat or steam, the sun and wind.

Provincial governments have legislative authority over the generation, transmission and distribution of electricity within the provinces of Canada. The movement toward restructuring the Canadian electricity industry has been uneven, as each province has determined its policy in this area based on its assessment of its unique regional circumstances and issues. Alberta restructured its electricity market over a five-year period culminating in full retail access on January 1, 2001. In B.C., while it appears there are no plans to introduce full retail competition, the transmission systems provide open access, allowing IPPs to move electricity to the export market or to distribution utilities and large industrial customers within the Province. In Ontario, full, open competition in electricity markets was introduced in May 2002, but has been modified several times since then. The current Ontario system is a hybrid with some aspects of retail competition in that consumers can purchase the electricity commodity from independent retailers, but a large component of the aggregate price paid by consumers is still determined by regulation.

Electricity Demand & Supply

The National Energy Board projects that electricity demand will grow by 8.5% between 2010 and 2030. Despite gains in energy efficiency, this growth in demand primarily reflects the economic recovery, growth in household use of electrical devices, new computing and internet technologies, and plans to electrify traditionally fossil fuel-based technologies (such as vehicles). At the same time, limited net generation capacity has been added. The International Energy Agency estimates that Canada will need an additional 74 gigawatts of capacity by 2030 to meet both system demand growth and plant retirement needs, an addition equal to more than half of Canada's existing electricity capacity. Canada's electricity demand is expected to be met through a mix of conventional generation facilities as well as renewable or emerging generation technologies, representing a mix of base load, intermittent and peaking plants to manage and respond to changes in electricity consumption.

Federal Wind Power Production Incentive and ecoEnergy for Renewable Power Program

The Wind Power Production Incentive ("WPPI") was a Canadian federal government program that provided incentive payments to producers of wind energy. The 2001 federal budget provided an initial $260 million for the program, to be paid by way of a per kWh incentive to eligible wind energy projects commissioned between March 31, 2002 and April 1, 2007. The 2005 federal budget provided an additional $200 million over five years and a total of $920 million over 15 years to expand WPPI from 1,000 MW to 4,000 MW of wind power capacity. Under the program, projects were eligible to receive an incentive payment of between $0.008 and $0.012 per kWh for the first 10 years of operation, depending upon the commissioning date. The Erie Shores Wind Farm qualifies for WPPI and will receive a WPPI payment of $0.01 per kWh until 2016.

In January 2007, the Canadian government announced the ecoEnergy Renewable Power Program. The ecoEnergy Renewable Power Program officially replaced WPPI, effective April 1, 2007, and essentially combined WPPI with the "Renewable Power Production Incentive". The objective of the $1.48 billion program is to encourage the development of clean power generation projects in Canada and to bring electricity prices from such projects more in line with those of conventional sources of electricity. An incentive of $0.01 per kWh for up to 10 years is offered to eligible projects constructed over the four-year program. The program is intended to support the development of up to 4,000 MW of new renewable electricity capacity by March 31, 2011. The program is open to all low-impact renewable-energy technologies, including wind, small waterpower, biomass, solar photovoltaic, geothermal, tidal and wave technologies that generate few or no harmful emissions. The ecoEnergy Renewable Energy Power Program is still in place and qualifying projects that meet the program requirements are eligible to access the balance of the remaining uncommitted funds. However, without a commitment from the federal government to extend the ecoEnergy Renewable Power Program, renewable energy projects that are commissioned after March 31, 2011 are not expected to receive any federal government funding.

Regulatory Environment

Ontario

The regulatory environment for electricity in Ontario was restructured in October 1998 following the passage of the *Energy Competition Act, 1998*, which, in turn, enacted two pieces of legislation necessary to create the legislative framework for the restructured Ontario electricity market – the *Electricity Act, 1998* and the *Ontario Energy Board Act, 1998*. The *Electricity Act, 1998* restructured Ontario Hydro's integrated electricity businesses into the following five separate corporations: (i) Ontario Power Generation ("OPG"), which assumed the electricity generation, wholesale energy and ancillary services businesses; (ii) Hydro One Inc., which assumed the transmission, rural distribution and retail energy services businesses; (iii) the IESO, which was formed to act as an independent electricity system operator responsible for dispatching generation, to direct the operations of the Ontario transmission grid and to act as an independent administrator of the energy and ancillary services markets; (iv) the Electrical Safety Authority, which was established to carry out electrical equipment and electrical wiring installation inspection functions; and (v) OEFC. OEFC is responsible for servicing and retiring Ontario Hydro's outstanding debt and other obligations. In addition, OEFC administers the PPAs previously entered into by Ontario Hydro with IPPs, including the Cardinal PPA, the Dryden PPA and the Wawatay PPA.

Ontario's wholesale and retail electricity markets were opened to competition on May 1, 2002 and the obligation of transmitters and distributors to provide non-discriminatory open access to their systems came into force. With open access, generators can sell power to counterparties under bilateral contracts or bid their power into the IESO-administered markets and receive the market-clearing price. Pursuant to the rules made and enforced by the IESO that govern the IESO-controlled grid and that establish and govern the IESO-administered markets relating to electricity and ancillary services in Ontario, the IESO schedules and dispatches dispatchable generators and settles the purchase and sale of energy and ancillary services made through the IESO-administered markets. Following the opening of Ontario's wholesale and retail markets, Ontario experienced high levels of demand for electricity during July, August and September 2002, with resulting increases in the wholesale price of electricity and the incurring of significant costs for imported power. Reacting to public concerns over electricity prices, the Ontario government instituted retail price controls for electricity charged to consumers which, as at December 31, 2010, continued in a modified form. The Ontario Energy Board oversees a Regulated Price Plan which sets the retail electricity price for residential and small business consumers every six months to reflect the costs of supply for that period. However, all consumers are entitled to enter into unregulated retail price contracts, and large consumers are entitled to purchase at the unregulated IESO market price.

In addition to paying the IESO market price for electricity, electricity consumers in Ontario are also subject to a Global Adjustment amount which adjusts for differences between the market price and the rates paid to regulated and contracted generators (such as generators with PPAs or feed-in tariff ("FIT") contracts) and for conservation and demand management programs. For customers who are paying an unregulated price for electricity, the Global Adjustment varies each month, and its value may be positive (a charge to the customer) or negative (a rebate to the customer) in any given month, depending on the fluctuation of prices in the IESO spot market. The Global Adjustment was a positive charge to electricity customers in every month of 2010, and the average Global Adjustment charge over the year was approximately $28/MWh. The price set by the Ontario Energy Board in the Regulated Price Plan includes an amount for the projected Global Adjustment for the period.

The legislative amendments, government announcements and OPA initiatives referred to above do not contain any provisions that specifically relate to or affect PPAs such as the Cardinal PPA, the Wawatay PPA or the Dryden PPA now being administered by OEFC. The implementation of the new market rules, however, has necessitated negotiations between the holders of existing PPAs and OEFC, including for the purpose of replacing the index used to adjust rates in many PPAs (including those for the Cardinal Facility, the Wawatay Facility and the Dryden Facility). The Erie Shores Wind Farm was one of the capacity initiatives solicited by the Ontario Ministry of Energy and its PPA is now administered by the OPA.

OPG is the dominant generator of electricity in the Province of Ontario, controlling approximately 70% of existing generation capacity in 2009 (the latest year for which statistics are available). Although OPG's generator licence contains conditions requiring it to transfer effective control over portions of its output, it is difficult to ascertain whether the Ontario government remains committed to these decontrol targets. The government has committed to close OPG's coal-fired plants by 2014. The Ontario government estimates that from 2000 to 2010 coal-fired generation has declined from providing 27% to only 7% of Ontario's electricity needs. Ontario is studying the feasibility of converting some of its coal-fired units to burn other forms of fuel like natural gas and/or biomass.

In May 2009, the Ontario legislature passed the *Green Energy and Green Economy Act, 2009.* This legislation provides the framework to significantly expand Ontario's use of clean and renewable generation, streamlines the approval processes for such projects, and establishes a FIT program with standardized rules, contracts and pricing for the procurement of electricity from renewable sources such as wind, water and solar. The FIT program is expected to create investment opportunities for the development of new renewable generation in Ontario. By the end of 2010, Ontario had signed over 1,000 FIT contracts for the development of approximately 2,400 MW of generation from renewable sources.

Prior to the introduction of the FIT program, Ontario had a number of other programs for promoting the development of renewable energy in the province, including RESOP (under which the Amherstburg Solar Park was awarded the RESOP Contract with the OPA) and *ad hoc* PPA contracts issued based on competitive requests for proposals (such as the Erie Shores PPA) and other bilateral contracts as a result of directives issued by the Ontario government to the OPA. All of the previous programs for new renewable energy supply in Ontario ended with the introduction of the FIT program, and all new renewable generation projects are now being developed under the FIT program.

In November 2010, the Ontario government issued a Long-Term Energy Plan that set out the government's view of Ontario's expected electricity needs until 2030. The plan estimates that Ontario's demand for electricity will grow by about 15% between 2010 and 2030, and that capital investments in the electricity sector in Ontario (including for new and refurbished energy supply, transmission and distribution infrastructure and conservation investments) will total $87 billion between 2010 and 2020. Currently, Ontario's electricity system has a capacity of approximately 35,000 MW of power. The OPA forecasts that more than 15,000 MW will need to be renewed, replaced or added by 2030. The government's target for clean, renewable energy from wind, solar and bioenergy (but excluding hydroelectric) is 10,700 MW by 2018, with wind, solar and bioenergy representing almost 13% of Ontario's generating capacity by 2030.

In addition, on November 23, 2010, the Minister of Energy issued a directive to the OPA to negotiate new PPAs with the owners or operators of NUGs, such as the Cardinal Facility, where the facilities deliver cost and reliability benefits to electricity customers in Ontario as well as other economic benefits to local communities. Under the directive, the new PPAs are expected to be structured such that the NUGs will operate in a manner that optimizes operation when power is valued highly and will have no incentive to operate when the output is not required or when the value of the power is low. The OPA may also seek to negotiate other matters with the NUG that would provide other economic benefits to Ontario. Given that the Cardinal Facility supplies all of the steam, electricity and compressed air required by Casco, which is both a significant employer in the local community and a significant customer for corn grown in that region of the province, the Corporation expects that the OPA will commence negotiations on a new PPA for the Cardinal Facility in 2011.

British Columbia

BC Hydro, a B.C. Crown corporation regulated by the British Columbia Utilities Commission, is the main generator and distributor of electricity in B.C. BC Hydro accounts for approximately 80% of the Province's total generating capacity (primarily from dams on the Peace and Columbia rivers). The remaining capacity is provided mainly by large and small industrial self-generators, FortisBC Inc., which provides utility service in the south-eastern part of the Province, and IPPs.

In 2003, the transmission operations of BC Hydro's business were moved to a new B.C. Crown corporation, the British Columbia Transmission Corporation. Until July 2010, the British Columbia Transmission Corporation was responsible for the planning, management and operation of BC Hydro's transmission assets, including the management of an open access transmission tariff (effective on March 1, 2006) aimed at improving access to the transmission system for all generators and marketers. However, as of July 5, 2010, the *Clean Energy Act* (discussed below) consolidated BC Hydro and the British Columbia Transmission Corporation, creating a single entity to plan and deliver the energy required to meet the province's growing electricity needs in a cost-effective way.

Private sector development of new electricity generation has been one of the most significant developments in B.C.'s regulatory environment during the last five years and is a goal of the B.C. government's current energy plan, which was introduced in 2007. Under this plan, the B.C. government continues its commitment to "clean" energy sources, including a target of 90% of all electricity generation from clean or renewable sources and a target of electricity self-sufficiency for the Province by 2016. Among other things, this plan provides that all new electricity projects developed in B.C. are to achieve zero net GHG emissions and existing thermal generation power plants are to achieve zero net GHG emissions by 2016. In addition, the plan sets a goal of satisfying 50% of all of BC Hydro's incremental resource needs through conservation by 2020. During 2008, a variety of legislative amendments were made to the *Utilities Commission Act* (British Columbia) to enable the achievement of some of the energy plan goals.

In early November 2009, the B.C. government announced the creation of a Green Energy Advisory Task Force with the stated goal of ensuring B.C. remains a leader in clean and renewable energy by developing resources, maximizing opportunities and establishing B.C.'s potential as the supplier of choice for clean power. The Green Energy Advisory Task Force was composed of four committees: (i) Procurement and Regulatory Reform; (ii) Carbon Pricing, Trading and Export Market Development; (iii) Community Engagement and First Nations Partnerships; and (iv) Resource Development. Following public consultations, the final report of the Green Energy Advisory Task Force was released in April 2010. The Green Energy Advisory Task Force Report contains a number of recommendations for implementing BC's clean energy strategy.

In June 2010, the B.C. government passed the *Clean Energy Act*, which builds on the work of the Green Energy Advisory Task Force. The *Clean Energy Act* provides a new regulatory regime for long-term electricity planning, streamlined regulatory processes, commitments to renewable energy, and measures to promote electricity efficiency and conservation. The implementation of the *Clean Energy Act* depends on regulations, many of which remain in active development in early 2011.

BC Hydro's generation division, which operates as a separate line of business from BC Hydro's distribution division, is required to supply electricity from its existing waterpower and thermal generating stations to the distribution division at embedded cost under a "heritage contract" between the generation and distribution divisions. The distribution division acquires new power on a least cost basis from all potential sources (including IPPs, customer-owned generation, power imports and conservation and energy efficiency), subject to regulatory oversight by the British Columbia Utilities Commission. BC Hydro's existing electricity purchase contracts with IPPs include natural gas, biomass, small waterpower, and wind projects that are both in service and under development, based on historical contracts from the 1990s and more recent ones initiated by the B.C. government's 2003 direction to BC Hydro to establish a competitive bidding process to acquire electricity from IPPs. BC Hydro held an "Open Call for Power" in 2003 and 2006. In 2008, BC Hydro also developed a standing offer program for generators of 10 MW or less to sell to BC Hydro and a separate request for proposals for biomass generators. In late 2008, BC Hydro closed bidding on a "Clean Power Call" seeking to secure up to 5,000 gigawatt hours of clean electricity. Under the Clean Power Call, a total of 27 projects were selected and 25 electricity purchase agreements were awarded, amounting to a total generation of 3,266 gigawatt hours. The 27 projects include 19 run-of-river projects, six wind projects, one storage hydro project and one waste heat project. It is expected that any future calls for power issued by BC Hydro will be based on the Integrated Resource Plan that is expected to be submitted by BC Hydro to the B.C. government in November 2011.

Alberta

The government of Alberta passed the EU Act in 1996 and amended the EU Act in 1998 and 2000 to separate generation, transmission and distribution of electrical power in Alberta for regulatory purposes. The purpose of the EU Act is to permit the development of a competitive marketplace for electricity in Alberta. The EU Act created the Power Pool, through which all electrical power must be traded in Alberta except for electricity within exempted industrial systems, electricity from generators in remote locations not connected to the grid and certain direct sales. Under the EU Act, owners of existing electricity generation facilities in Alberta and importers of electrical power into Alberta offer power into the Power Pool at such prices as they determine.

Of particular interest to some clean power facilities in Alberta, the amendments to the EU Act and corresponding regulations in 1999 also created the Balancing Pool that commenced operation on January 1, 2001. The amended legislation provides for the purchase of power from small producers at the prices set out in the PPAs entered into pursuant to the SPRDA. All revenues associated with the sale of such power into the Power Pool are to be paid into the Balancing Pool and all costs associated with such PPAs are to be paid out of the Balancing Pool. The effect of the amendments is to render a utility that is party to such a PPA a flow-through entity for the rights and obligations under that PPA. The Balancing Pool is intended to net out to zero with respect to all payments received and made in respect of those PPAs. Any net amount greater than zero in the Balancing Pool is to be allocated to consumers of electricity of Alberta and to the Alberta Electric System Operator ("AESO") (formerly the Transmission Administrator) under the EU Act. The Balancing Pool prepares an annual budget and provides that budget to the AESO for review. The AESO then considers that budget when setting tariff rates. If the Balancing Pool forecasts a budget deficit, the AESO may increase tariff rates to enable the Balancing Pool to meet its obligations.

The government of Alberta proclaimed in force in June 2003 the *Electric Utilities Act (2003)*. The *Electric Utilities Act (2003)* effected alterations to the governance of institutional entities such as the Power Pool and the related regulations addressed payments to be made to and by the Balancing Pool, but neither served to alter the SPRDA-related arrangements described above.

On January 1, 2008, the Alberta Energy Utilities Board was separated into two regulatory entities pursuant to the *Alberta Utilities Commission Act*, the Energy Resources Conservation Board and the Alberta Utilities Commission. The Energy Resources Conservation Board regulates the development of energy resources and the Alberta Utilities Commission regulates the utilities industry in Alberta. The Alberta Utilities Commission's responsibilities also include approving infrastructure and tariffs for electricity transmission through electric transmission and distribution lines.

In December 2008, the government of Alberta issued its Provincial Energy Strategy, a long-term action plan for Alberta to achieve its stated objectives of clean energy production, wise energy use and sustained economic prosperity. With respect to electricity, the Provincial Energy Strategy focuses on steps to strengthen the provincial transmission system, including the development of a plan for a comprehensive upgrade to Alberta's transmission system and streamlining the regulatory process for transmission siting. The provincial government has indicated that it is developing an implementation plan that will incorporate benchmarks and outcomes over short-term, medium-term and long-term horizons.

Québec

Québec is served principally by Hydro-Québec, a government-owned monopoly with major cost-competitive hydroelectric resources. Early private sector generation development occurred in Québec between 1991 and 1993. Hydro-Québec signed agreements at that time with private producers for the purchase of a total of 474 MW of electricity generated by hydroelectric generating facilities, windpower facilities and cogeneration plants fuelled by biomass and natural gas.

To meet the Province's increasing demand, Hydro-Québec created a distribution division in 2001 to initiate a system of competitive bidding for the development of supply. Hydro-Québec's production division is allowed to bid alongside private producers, subject to a code of ethics overseen by Québec's Régie de l'énergie. Supply contracts are generally awarded on the basis of the lowest tendered price and factors such as applicable transmission costs. Final contracts require the approval of the Régie de l'énergie. Hydro-Québec purchases all of the electricity produced by IPPs, other than the electricity used by certain producers in their own operations.

In May 2006, the Québec government unveiled its energy strategy. The strategy defines the Province's goals and plan of action in relation to energy issues for a 10-year period. The Québec government announced that it would strengthen its energy supply security by giving priority to hydroelectricity. The government intends to create a portfolio of projects totalling no less than 4,500 MW to be initiated within the first five years of the plan.

Moreover, the energy strategy calls for the continued development of Québec's wind energy potential, hydrocarbon reserves and the diversification of natural gas supplies. The energy strategy also ends Québec's moratorium on small, privately-owned hydroelectric power stations (50 MW or less).

Since the announcement of its energy strategy, the Québec government has added 3,000 MW of hydroelectric energy to Hydro-Québec's portfolio of projects pursuant to the Northern Plan launched in November 2008. The Northern Plan calls also for the development of wind power (300 MW) and emerging renewable energy (200 MW), bringing the total to 3,500 MW. Hydro-Québec's Strategic Plan 2009–2013 completes and reinforces the objectives of the energy strategy and the Northern Plan.

Two significant calls for tenders in the area of wind energy (totalling an aggregate of 3,000 MW) have already occurred. A third call for tenders relating to 500 MW of wind power proceeded in 2009. In November 2008, two decrees were published enacting regulations governing two separate 250 MW blocks of wind energy, one earmarked for aboriginal projects and the other earmarked for community projects. These decrees were amended on January 2010 to ease the requirements regarding the community and aboriginal participation.

DESCRIPTION OF THE CORPORATION

General

The Corporation was incorporated on May 20, 2010 as 0881592 B.C. Ltd. pursuant to the provisions of the BCBCA. The Corporation's articles were amended on October 12, 2010 to change its name to "Macquarie Power and Infrastructure Corporation". The Corporation's articles were further amended on December 31, 2010 to create a class of preferred shares, issuable in series. The principal office of the Corporation is located at Brookfield Place, 181 Bay Street, Suite 3100, Toronto, Ontario, M5J 2T3. The registered office of the Corporation is located at 595 Burrard Street, Suite 2600, Three Bentall Centre, Vancouver, British Columbia, V7X 1L3. The Corporation is continuing the business of the Fund (see "General Development of the Business").

The authorized capital of the Corporation consists of an unlimited number of Common Shares and a limited number of preferred shares issuable in series. The aggregate number of preferred shares that may be issued is limited to 50% of the number of Common Shares outstanding at the relevant time. The following is a summary of the rights, privileges, restrictions and conditions attaching to the securities of the Corporation and securities exchangeable for securities of the Corporation.

Common Shares

Holders of Common Shares are entitled to one vote per share at meetings of Shareholders, to receive dividends if, as and when declared by the Board of Directors (subject to the rights of securities, if any, having priority over the Common Shares) and to receive *pro rata* the remaining property and assets of the Corporation upon its dissolution or winding-up (subject to the rights of securities, if any, having priority over the Common Shares).

Preferred Shares

Each series of preferred shares will consist of such number of shares and having such rights, privileges, restrictions and conditions as may be determined by the Board of Directors prior to the issuance thereof. Holders of preferred shares, will not be entitled to vote at meetings of Shareholders except as required by law and except as specified in the applicable rights, privileges, restrictions and conditions thereof. The aggregate number of preferred shares that may be issued is limited to 50% of the number of Common Shares outstanding at the relevant time. The Corporation has no intention of utilizing such preferred shares for an improper purpose in the context of any potential future unsolicited take-over bid for the Common Shares.

With respect to the payment of dividends and distribution of assets in the event of liquidation, dissolution or wind up of the Corporation, whether voluntary or involuntary, the preferred shares will be entitled to a preference over the Common Shares and any other securities ranking junior to the preferred shares from time to time and may also be given such other preferences over the Common Shares and any other securities ranking junior to the preferred shares as may be determined at the time of creation of such series.

Class B Exchangeable Units and Exchange Agreement

On October 18, 2005, the Fund acquired an approximate 45% indirect ownership interest in the Leisureworld Entities concurrently with LSCLP's acquisition of 19 long term care homes and certain related businesses from Markham Suites Hotel Limited (formerly Leisureworld Inc., "MSHL"), LECR Inc. (formerly Leisureworld Creemore Inc., "LWC") and OLTCPI Inc. (formerly, Ontario Long Term Care Providers Inc.) (collectively, the "LSCLP Vendors"). The LSCLP Vendors indirectly acquired the Class B Exchangeable Units of LTC Holding LP, a limited partnership established under the laws of the Province of Ontario, as partial consideration in connection with the foregoing. On March 23, 2010, the Fund sold its indirect ownership interest in the Leisureworld Entities to LSCC (see "General Development of the Business"). Pursuant to the terms of the agreements governing the Class B Exchangeable Units, the Class B Exchangeable Units have remained outstanding following completion of the Arrangement.

LTC Holding LP, a limited partnership established under the laws of the Province of Ontario, has issued (i) general partnership units to MPT LTC Holding Ltd., its general partner; (ii) Class A limited partnership units to the Corporation (as transferee of MPIIT); and (iii) Class B Exchangeable Units to the LSCLP Vendors. The LSCLP Vendors own all of the Class B Exchangeable Units which have economic rights equivalent in all material respects to those of the Common Shares.

The distributions on the Class B Exchangeable Units are supported through an arrangement contained in an exchange agreement dated October 18, 2005, as amended and restated as of January 1, 2011 (the "Exchange Agreement") among the Corporation (as assignee of the Fund and MPIIT), LTC Holding LP and the LSCLP Vendors (see "Material Contracts"). Pursuant to the Exchange Agreement, the Corporation is required to subscribe for additional equity of LTC Holding LP in the event that LTC Holding does not have sufficient funds to pay distributions on the Class B Exchangeable Units.

The Exchange Agreement and the provisions of the Class B Exchangeable Units originally granted the LSCLP Vendors the right to require LTC Holding LP and the Fund to directly or indirectly exchange each Class B Exchangeable Unit for a Unit on a one-for-one basis (subject to customary anti-dilution provisions and other conditions contained in the Exchange Agreement). In connection with the Arrangement, the Corporation became the assignee of the Fund under the Exchange Agreement and holders of Class B Exchangeable Units became entitled, upon due exchange of Class B Exchangeable Units, to receive one Common Share in lieu of each Unit they would have otherwise been entitled to receive upon such exchange prior to the Arrangement.

The Exchange Agreement also provides that on or after October 18, 2020, any outstanding Class B Exchangeable Units will be automatically exchanged for Common Shares on a one-for-one basis. Assuming the exchange, as at March 24, 2011, of all of the Class B Exchangeable Units for Common Shares in accordance with the Exchange Agreement, the LSCLP Vendors would own, in aggregate on a *pro forma* basis, approximately 5.3% of the total number of Common Shares outstanding following such exchange.

MSHL and LWC have agreed that they will not acquire any additional Common Shares (other than pursuant to the exchange of the Class B Exchangeable Units or pursuant to a dividend reinvestment plan of the Corporation) without the consent of the Corporation before October 18, 2020. MSHL and LWC have also agreed not to sell more than 5% of the aggregate outstanding Common Shares in any four-month period and to not vote any Common Shares each receives on exchange of their Class B Exchangeable Units until they, together, hold one percent or less of the aggregate outstanding Common Shares. In addition, the LSCLP Vendors have agreed not to transfer any of the Class B Exchangeable Units held by them, other than to an affiliate or spouse or child of the holder of such Class B Exchangeable Units or otherwise for estate planning purposes.

In the event of a take-over bid for the Common Shares, a holder may exchange its Class B Exchangeable Units for Common Shares on a conditional basis in order to tender to such bid or, if such holder does not tender and Common Shares representing more than 90% of the aggregate number of outstanding Common Shares and Common Shares for which outstanding Class B Exchangeable Units may be exchanged are tendered to such bid, then the offeror will have the right to acquire the Class B Exchangeable Units held by such holder on the same terms as the Common Shares were acquired under the take-over bid.

2016 Debentures

The following is a summary of the material attributes of the 2016 Debentures and certain provisions of the indenture dated as of December 22, 2009 between the Fund and the Debenture Trustee (the "Debenture Indenture") and the First Supplemental Debenture Indenture (the Debenture Indenture, as supplemented by the First Supplemental Debenture Indenture, the "Supplemented Debenture Indenture"), which summary does not purport to be complete and is subject to and qualified in its entirety by the full text of the Debenture Indenture and the First Supplemental Debenture Indenture. Reference should be made to the Debenture Indenture and the First Supplemental Debenture Indenture for a complete description of the 2016 Debentures and the full text of its provisions (see "Material Contracts").

General

An aggregate principal amount of $57.5 million 2016 Debentures were issued pursuant to the Supplemented Debenture Indenture. The outstanding 2016 Debentures have a maturity date of December 31, 2016 (the "2016 Debenture Maturity Date") and are listed on the Toronto Stock Exchange and trade under the symbol "MPT.DB.A". As at March 24, 2011, an aggregate principal amount of approximately $14.1 million 2016 Debentures have been converted into approximately 2.0 million Common Shares pursuant to the conversion privilege of the 2016 Debentures resulting in an aggregate principal amount of approximately $43.4 million 2016 Debentures outstanding at such date.

Effect of the Arrangement

Pursuant to the First Supplemental Debenture Indenture and the terms of the Debenture Indenture, the 2016 Debentures became obligations of the Corporation following the Arrangement, with substantially the same terms that such debentures previously had as obligations of the Fund. Automatic adjustments were made to the terms of the conversion privilege and other provisions under which the holders of 2016 Debentures would have previously received Units under the terms of the Debenture Indenture; following the Arrangement, such holders are entitled to receive Common Shares in lieu of Units they would otherwise have been entitled to receive.

Interest Payments

The 2016 Debentures bear interest at an annual rate of 6.50%, payable in semi-annual instalments, in arrears, on June 30 and December 31 of each year (or the immediately following business day if such date would not otherwise be a business day) (the "2016 Debenture Interest Payment Date"). At the option of the Corporation, and subject to regulatory approval, the Corporation may issue and solicit bids to sell sufficient Common Shares in order to raise funds to satisfy all or any part of the Corporation's obligations to pay interest on the 2016 Debentures, but, in any event, the holders of 2016 Debentures shall be entitled to receive cash payments equal to the interest otherwise payable on the 2016 Debentures.

Conversion Privilege

2016 Debentures are convertible at a holder's option into fully-paid, non-assessable and freely-tradable Common Shares at any time prior to 5:00 p.m. (Toronto time) on the earlier of the 2016 Debenture Maturity Date and the business day immediately preceding the date specified by the Corporation for redemption of the 2016 Debentures, at a conversion price of $7.00 per Common Share (the "2016 Debenture Conversion Price"), being a ratio of 142.8571 Common Shares per $1,000 principal amount of 2016 Debentures, all subject to certain terms and conditions and in the manner set forth in the Supplemented Debenture Indenture. No adjustment to the 2016 Debenture Conversion Price will be made for dividends on Common Shares issuable upon conversion or for interest accrued on 2016 Debentures surrendered for conversion; however, holders converting their 2016 Debentures will be entitled to receive, in addition to the applicable number of Common Shares, accrued and unpaid interest in respect thereof for the period from and including the latest 2016 Debenture Interest Payment Date up to, but excluding, the date of conversion. Notwithstanding the foregoing, no 2016 Debentures may be converted during the period from the close of business on June 15 and December 15 of each year (or the first business day following such date if not a business day) to and including the next 2016 Debenture Interest Payment Date, as the registers of the Debenture Trustee will be closed during such periods.

Subject to the provisions of the Supplemented Debenture Indenture, the 2016 Debenture Conversion Price will be adjusted on account of certain events including: (a) the subdivision or consolidation of the outstanding Common Shares; (b) the distribution of Common Shares to all or substantially all Shareholders by way of distribution or otherwise, other than pursuant to any dividend reinvestment or share purchase plans or similar arrangements of the Corporation; (c) the issuance of options, rights or warrants to all or substantially all Shareholders entitling them for a period of not more than 45 days after June 15 and December 15 of each year (or the first business day following such date if not a business day) to acquire Common Shares or other securities convertible into Common Shares at less than 95% of the then current market price of the Common Shares (as calculated pursuant to the terms of the Supplemented Debenture Indenture, the "Current Market Price"); and (d) the distribution to all holders of any units, rights, options or warrants (other than those referred to in paragraph (c) above), evidences of indebtedness of the Corporation, or other assets (other than cash dividends and equivalent dividends in securities paid in lieu of cash dividends in the ordinary course). There will be no adjustment of the 2016 Debenture Conversion Price in respect of any event described in (b), (c) or (d) above if, subject to prior regulatory approval, the holders of the 2016 Debentures are allowed to participate as though they had converted their 2016 Debentures prior to the applicable record date or effective date. The Corporation will not be required to make adjustments in the 2016 Debenture Conversion Price unless the cumulative effect of such adjustments would change the 2016 Debenture Conversion Price by at least one percent.

In the case of any reclassification of the Common Shares or a capital reorganization of the Corporation (other than a change resulting only from consolidation or subdivision) or in the case of any amalgamation, consolidation, arrangement or merger of the Corporation with or into any other entity, or in the case of any sale or conveyance of the properties and assets of the Corporation as, or substantially as, an entirety to any other entity, or a liquidation, dissolution or winding-up of the Corporation, the terms of the conversion privilege will be adjusted so that each 2016 Debenture will, after such reclassification, capital reorganization, amalgamation, consolidation, arrangement or merger, sale or conveyance or liquidation, dissolution or winding-up, be exercisable for the kind and number of securities of the continuing, successor or purchaser entity, as the case may be, which the holder thereof would have been entitled to receive as a result of such reclassification, capital reorganization, amalgamation, consolidation, arrangement or merger, sale or conveyance or liquidation, dissolution or winding-up, if on the effective date or record date thereof it had been the holder of the number of Common Shares into which the 2016 Debenture was convertible prior to the effective date of such event.

No fractional Common Shares will be issued on any conversion of the 2016 Debentures, but in lieu thereof, the Corporation will satisfy such fractional interest by a cash payment equal to the Current Market Price of such fractional interest.

Redemption and Purchase

The Corporation may not redeem the 2016 Debentures prior to December 31, 2012, except in the event of the satisfaction of certain conditions after a Change of Control has occurred as described below under "– Put Right upon a Change of Control". On and after December 31, 2012, but prior to December 31, 2014, the 2016 Debentures may be redeemed at the option of the Corporation, in whole at any time or in part from time to time, on not more than 60 days' and not less than 30 days' prior written notice, at a price equal to the principal amount thereof plus accrued and unpaid interest in respect thereof for the period from and including the latest 2016 Debenture Interest Payment Date up to, but excluding, the date of redemption, provided that the Current Market Price immediately preceding the date upon which the notice of redemption is given is not less than 125% of the 2016 Debenture Conversion Price. On and after December 31, 2014, and prior to the 2016 Debenture Maturity Date, the Corporation may redeem the 2016 Debentures in whole at any time or in part from time to time, on not more than 60 days' and not less than 30 days' prior written notice, at a price equal to the principal amount thereof plus accrued and unpaid interest in respect thereof for the period from and including the latest 2016 Debenture Interest Payment Date up to, but excluding, the date of redemption.

The Corporation may purchase 2016 Debentures in the market, by tender or by private contract, subject to regulatory requirements; provided, however, that if an event of default in respect of the 2016 Debentures has occurred and is continuing, the Corporation will not have the right to purchase the 2016 Debentures by private contract.

In the case of redemption of less than all of the 2016 Debentures, the 2016 Debentures to be redeemed will be selected by the Debenture Trustee on a *pro rata* basis or in such other manner as the Debenture Trustee deems equitable, subject to the consent of the Toronto Stock Exchange.

Payment upon Redemption or Maturity

On redemption or the 2016 Debenture Maturity Date, the Corporation will repay the indebtedness represented by the 2016 Debentures by paying to the Debenture Trustee an amount equal to the principal amount of the outstanding 2016 Debentures, together with accrued and unpaid interest thereon. The Corporation may, at its option, on not more than 60 days' and not less than 40 days' prior notice and subject to any required regulatory approvals, unless an event of default in respect of the 2016 Debentures has occurred and is continuing, elect to satisfy its obligation to repay, in whole or in part, the principal amount of the 2016 Debentures which are to be redeemed or which have matured by issuing freely-tradable Common Shares, in whole or in part, to the holders of the 2016 Debentures. The number of Common Shares to be issued will be determined by dividing the principal amount of the 2016 Debentures by 95% of the Current Market Price on the date fixed for redemption or the 2016 Debenture Maturity Date, as the case may be. Any accrued and unpaid interest will be paid in cash. No fractional Common Shares will be issued to holders of 2016 Debentures, but in lieu thereof, the Corporation will satisfy such fractional interest by a cash payment equal to the Current Market Price of such fractional interest.

Cancellation

All 2016 Debentures converted, redeemed or purchased will be cancelled and may not be reissued or resold.

Subordination

The 2016 Debentures are direct obligations of the Corporation, are not secured by any mortgage, pledge, hypothec or other charge and are subordinated to all indebtedness of the Corporation (whether outstanding as at the date of the Supplemented Debenture Indenture or thereafter incurred) which, by the terms of the instrument creating or evidencing such indebtedness, is not expressed to be *pari passu* with, or subordinate in right of payment to, the 2016 Debentures. The Corporation and its subsidiaries are not restricted from incurring additional indebtedness for borrowed money, including indebtedness that ranks senior to the 2016 Debentures, or from mortgaging, pledging or charging the Corporation's real or personal property or properties to secure any indebtedness. As a result, the 2016 Debentures are effectively subordinate to claims of creditors (including trade creditors) of the Corporation's subsidiaries, except to the extent the Corporation is itself a creditor of such subsidiaries ranking at least *pari passu* with such other creditors.

Put Right upon a Change of Control

The Supplemented Debenture Indenture provides holders of 2016 Debentures with a right, in the event of a change of control of the Corporation, to require the Corporation to purchase the 2016 Debentures at 101% of the principal amount thereof, plus accrued and unpaid interest thereon. Subject to certain conditions, the Corporation may satisfy the purchase price, in whole or in part, for any put 2016 Debentures through the issuance of Common Shares. If, in the event of a change of control, 90% or more of the then outstanding 2016 Debentures are put to the Corporation, the Corporation has the right, but not the obligation, to redeem all of the remaining outstanding 2016 Debentures at the same price paid for the put 2016 Debentures.

For these purposes, a change of control of the Corporation means the acquisition by any person, or group of persons acting jointly or in concert, of voting control or direction of 66 2⁄3% or more of the votes attaching, collectively, to all outstanding Common Shares.

Events of Default

If an event of default in respect of the 2016 Debentures has occurred and is continuing, the Debenture Trustee may, in its discretion, and will, upon the request of holders of not less than 25% of the principal amount of the then outstanding 2016 Debentures, declare the principal of (and premium, if any) and interest on all outstanding

2016 Debentures to be immediately due and payable. Certain events of default in respect of the 2016 Debentures may be waived by the holders 2016 Debentures or by the Debenture Trustee, in accordance with the terms of the Supplemented Debenture Indenture.

Offers for 2016 Debentures

If an offer is made for the 2016 Debentures which is a take-over bid for 2016 Debentures within the meaning of the *Securities Act* (Ontario) and not less than 90% of the outstanding principal amount of the 2016 Debentures (other than 2016 Debentures held at the date of the take-over bid by or on behalf of the offeror or associates or affiliates of the offeror or any person acting jointly or in concert with the offeror) are taken up and paid for by the offeror, the offeror will be entitled to acquire the 2016 Debentures held by holders of 2016 Debentures who did not accept the offer on the terms offered by the offeror.

Contingency Value Receipts

In connection with the Fund's acquisition of CPIF in 2007, the Fund issued one contingency value receipt of the Fund (a "CVR") and 0.5581 of a Unit for (a) each outstanding trust unit of CPIF properly deposited to, and not properly withdrawn from, the Fund's offer to purchase dated May 18, 2007 (the "CPIF Offer"); and (b) each trust unit of CPIF redeemed pursuant to the subsequent acquisition transaction described in the offer documents mailed by the Fund to holders of trust units of CPIF in connection with the CPIF Offer. The CVRs were assumed by the Corporation in connection with the Arrangement. The CVRs are not listed for trading and, except for certain permitted transfers, are not assignable or otherwise transferable by holders thereof. The CVRs represent a contingent right of the holders to receive an amount calculated on the basis of 80% of the balance, if any, less certain costs and expenses, of US$7.593 million originally deposited in an escrow account established by PEET U.S. Holdings Inc. ("PEET"), now a subsidiary of the Corporation, in connection with PEET's sale of Gas Recovery Systems, LLC ("GRS") prior to the take-over bid and related transactions whereby the Corporation acquired CPIF, and payments, if any, that might be made by the purchaser of GRS to PEET if the purchaser receives certain refunds from Commonwealth Edison Co. ("ComEd") relating to GRS (after certain specified adjustments and deductions for certain payments, claims, costs and expenses). The funds in escrow relate to an ongoing dispute over the methodology used by ComEd, a customer of GRS, to historically calculate the amount paid to GRS under its power purchase agreement with GRS. The Corporation has no control over the outcome of the dispute related to the escrow account. The Corporation's view is that the funds in the escrow account will be fully paid to the purchaser of GRS in accordance with the terms of the escrow agreement and that the CVRs do not have any value for holders.

Further explanation of the terms and conditions of the CVRs, as well as the risks associated with the ownership of CVRs, can be found in the take-over bid circular of the Fund dated May 18, 2007 (the "CPIF Offering Circular") under heading "Contingency Value Receipts and Contingency Value Receipt Agreement" appearing on pages 38-50 and under the heading "CVRs issuable under the Offer may involve a number of risks" appearing on pages 61-64 of the CPIF Offering Circular, respectively, all of which specific sections of the CPIF Offering Circular (along with the associated definitions) are incorporated by reference into this Annual Information Form and which are available on SEDAR.

MANAGEMENT OF THE CORPORATION

Directors

The Board of Directors of the Corporation currently consists of five Directors. The Corporation must have a minimum of three Directors.

At the annual general meeting of Unitholders held on June 29, 2010, Unitholders elected four Trustees of the Fund and, in accordance with the Administration Agreement (as it then existed prior to its amendment and restatement as of January 1, 2011, see "Management of the Corporation – Administration Agreement"), the Manager appointed one additional Trustee of the Fund. In connection with the Arrangement, all of such Trustees of the Fund became Directors of the Corporation and the Administration Agreement was amended and restated to, among other things, replace the Manager's right to appoint one Trustee of the Fund with a right of the Manager to nominate for election one individual as a Director of the Corporation at each annual meeting of the Shareholders and, failing the election of such individual, to provide the Manager with the right to have an observer present at all meetings of Directors of the Corporation.

Each of the Directors, other than Mr. Stephen Mentzines, the Director appointed by the Manager, is "independent" in accordance with the applicable provisions of Canadian Securities Administrators' National Instrument 52-110 – *Audit Committees* ("NI 52-110"). On March 15, 2010, the Corporation announced that, in connection with the Internalization Transaction, Mr. Mentzines does not intend to seek re-election to the Board of Directors at the Corporation's next annual meeting of Shareholders (see "General Development of the Business").

The term of office of any Director continues until: (a) the next annual meeting of Shareholders following his or her election or appointment; (b) the date on which his or her successor is elected or appointed or earlier if he or she dies, resigns or is removed or disqualified; or (c) his or her term of office is lawfully terminated for any other reason.

The Corporation currently has an Audit Committee, a Governance Committee and a Compensation Committee, each of which has a minimum of three Directors all of whom must be "independent" in accordance with the applicable provisions of NI 52-110. The members of such committees are indicated below.

The name, province or state and country of residence, and principal occupation for the last five years for each Director as of March 24, 2011 are as follows:

Name, Jurisdiction of Residence and Date elected Director	**Principal Occupation and Employment**
Derek Brown (1)(3)(5)(7) Ontario, Canada Director since March 15, 2004	Derek Brown is a corporate director and currently sits on the boards of SNP Split Corp. and Sixty Split Corp. Mr. Brown is also a member of the finance committee of the Canadian Opera Foundation. From 1996 to 2005, Mr. Brown was Professor of Finance (adjunct) at the University of Toronto, prior to which he was a Vice President and Director of RBC Dominion Securities Inc. From 1997 to 2003, Mr. Brown was a Commissioner of the Ontario Securities Commission. Mr. Brown earned a Bachelor of Commerce and Bachelor of Laws degree from Dalhousie University as well as a Doctor of Laws. He is also a Chartered Business Valuator and was a Governor of the Canadian Institute of Chartered Business Valuators from 1998 to 2003. Mr. Brown was a director of DALSA Corporation from 2005 to 2010.
Patrick J. Lavelle (3)(4)(7) Ontario, Canada Director since April 15, 2004	Patrick J. Lavelle is the Chairman and Chief Executive Officer of Patrick J. Lavelle and Associates, a strategic management consulting firm that he established in 1991. Mr. Lavelle is also the chairman of Retrocom Mid-Market Real Estate Investment Trust and a director of the Ontario Financing Authority and Catalyst Capital Group Inc. Mr. Lavelle was the Chairman and Chief Executive Officer of Unique Broadband Systems Inc. (until 2002) and the Chairman of Specialty Foods Group Income Fund (until 2009). He previously held the position of Chairman of Export Development Canada from 1998 to 2001 and he served a three-year term as Chairman of the Board of the Business Development Bank of Canada commencing in 1994.

<u>**Name, Jurisdiction of Residence and Date elected Director**</u>	<u>**Principal Occupation and Employment**</u>
François R. Roy (2)(5)(7) Québec, Canada Trustee/Director since March 15, 2004	François R. Roy is a director or trustee (as applicable) and a member of the audit committees of Fibrek Inc., Transcontinental Inc., the Caisse de dépôt et placement du Québec and Noranda Operating Trust. He was the Vice-Principal (Administration and Finance) of McGill University from June 2007 to June 2010 and, in that capacity, he was McGill's Chief Financial Officer and Chief Administration Officer. Mr. Roy earned his Bachelor of Arts and Masters of Business Administration from the University of Toronto. Mr. Roy was a director of Pixman Nomadic Media Inc. from 2006 to 2009. Mr. Roy was the Chief Financial Officer of Telemedia Corporation between 2000 and 2003.
V. James Sardo(3)(5)(6) Ontario, Canada Director since November 4, 2009	V. James Sardo is a corporate director with significant operational and corporate governance expertise. He is currently a director of New Flyer Industries Inc. (since 2005) and Consolidated Thompson Iron Mines Limited (since 2010). Mr. Sardo earned his Bachelor of Arts at the University of Western Ontario and his Masters of Business Administration at McMaster University. Mr. Sardo was a director of Hydrogenics Corporation from 2003 to 2009, SonnenEnergy Corp from 2008 to 2009, Royal Group Technologies Limited from 2003 to 2006 (serving as its interim Chief Executive Officer from 2004 to 2005) and Northstar Healthcare Inc. from 2008 to 2010. Mr. Sardo was also a trustee of Countryside Power Income Fund and its Chairman (from 2004 to 2007), UE Waterheater Income Fund (from 2003 to 2007), and Custom Direct Income Fund (from 2003 to 2007). Prior to these appointments, Mr. Sardo was President of the Canadian Operations of Moore Corporation Limited, a business forms and communications company, from 1999 to 2001 and President and CEO of SMK Speedy International Inc., an international automotive repair company, from 1997 to 1999. Prior to 1997, Mr. Sardo was Chief Executive Officer of Amre Inc., a Dallas-based marketer of home improvement products, from 1994 to 1995 and Chief Executive Officer of SNE Inc., a manufacturer and marketer of windows and doors, from 1991 to 1994. Previously, he was Chairman and Chief Executive Officer of Firestone Canada Inc. Mr. Sardo is a member of the Institute of Corporate Directors and holds the ICD.D designation.

Name, Jurisdiction of Residence and Date elected Director	Principal Occupation and Employment
Stephen Mentzines New York, USA Director since November 1, 2007	Stephen Mentzines is a Senior Managing Director of the Macquarie group and is Vice Chairman of the Macquarie Infrastructure and Real Assets ("MIRA") division in North America. Mr. Mentzines is also the Alternate Chairman of Macquarie Infrastructure Company, which is listed on the New York Stock Exchange. Mr. Mentzines previously served as the Division's head of North America and prior to that as global Chief Operating Officer with responsibility for developing and supporting new funds around the world. He also served as joint Chief Financial Officer/Chief Operating Officer of Macquarie Infrastructure Group, and had primary responsibility for the launch and early development of MIRA's activities in the Middle East. Prior to joining the Macquarie group in 1998, Mr. Mentzines worked at Westpac Banking Corporation for eight years as Chief Financial Officer of several operating divisions, including the international and institutional banking group, and worked for KPMG LLP both in Sydney and London in the 1980s. He graduated with a Bachelor in Economics degree from the University of Sydney and is a member of the Institute of Chartered Accountants in Australia.

Notes:

(1) Chairman of the Board.
(2) Chairman of the Audit Committee of the Board.
(3) Member of the Audit Committee of the Board.
(4) Chairman of the Governance Committee of the Board.
(5) Member of the Governance Committee of the Board.
(6) Chairman of the Compensation Committee of the Board.
(7) Member of the Compensation Committee of the Board.

Executive Officers

The name, province or state and country of residence, and principal occupation for at least the last five years for each person serving as the executive officers of the Corporation as at March 24, 2011 are as follows:

Name and Jurisdiction of Residence	Office with the Corporation	Principal Occupation and Employment
Michael Bernstein Ontario, Canada	President and Chief Executive Officer	Senior Managing Director of the Macquarie group and President of Macquarie Infrastructure and Real Assets Canada Ltd. (1)
Michael Smerdon Ontario, Canada	Executive Vice President and Chief Financial Officer	Managing Director of the Macquarie group and Macquarie Infrastructure and Real Assets Canada Ltd. (2)
Stuart M. Miller Ontario, Canada	Executive Vice President, General Counsel and Corporate Secretary	Associate Director of the Macquarie group and Senior Vice President and General Counsel of Macquarie Infrastructure and Real Assets Canada Ltd. (3)

Notes:

(1) Mr. Bernstein was appointed President and Chief Executive Officer of the Fund effective July 6, 2009, after serving as the Fund's President and Chief Executive Officer on an interim basis since April 15, 2009. In connection with the Arrangement, effective January 1, 2011, Mr. Bernstein was appointed President and Chief Executive Officer of the

Corporation. From 2005 to 2009, Mr. Bernstein served as head of the infrastructure and utilities advisory practice for Macquarie Capital Markets Canada Ltd. Previously, Mr. Bernstein was a senior member of the Power & Utilities Group at CIBC World Markets, where he worked for nine years.

(2) Mr. Smerdon was appointed Vice President, Chief Financial Officer and Secretary of the Fund, effective August 14, 2009. In connection with the Arrangement, effective January 1, 2011, Mr. Smerdon was appointed Executive Vice President, Chief Financial Officer and Corporate Secretary of the Corporation. Effective March 10, 2011, Mr. Smerdon ceased serving as Corporate Secretary of the Corporation. Mr. Smerdon joined MGL in 1998. From 1998 to 2002, he served with Macquarie's infrastructure advisory group. Most recently, Mr. Smerdon served as a key member of the senior management team of New York-based Macquarie Infrastructure Partners Inc.

(3) Mr. Miller was appointed Vice President and General Counsel of the Fund in February 2007. In connection with the Arrangement, effective January 1, 2011, Mr. Miller was appointed Executive Vice President and General Counsel of the Corporation. Effective March 10, 2011, Mr. Miller was appointed Corporate Secretary of the Corporation. Prio to joining the Fund, Mr. Miller was the Executive Director, Corporate Services and Compliance and Corporate Secretary of Fairmont Hotels & Resorts Inc. and Senior Legal Counsel and Secretary of Legacy Hotels Real Estate Investment Trust since June 2005. Prior to June 2005, Mr. Miller was a partner with McCarthy Tétrault LLP, a Canadian law firm.

As at March 24, 2011, the Directors and the executive officers of the Corporation as a group own, directly or indirectly, or exercise control or direction over 113,624 Common Shares, representing less than 1% of the outstanding number of Common Shares, and no other voting securities of the Corporation or any subsidiary thereof.

To the knowledge of the Corporation, no Director or executive officer of the Corporation (or a personal holding company of such person) (A) is or has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; (B) is or has been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision; (C) is or has been in the last 10 years, a director, trustee, chief executive officer or chief financial officer of any issuer that (i) was subject to a cease trade order or similar order or an order that denied the issuer access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days, that was issued while the person was acting in the capacity as director, trustee, chief executive officer or chief financial officer or (ii) was subject to a cease trade order or similar order or an order that denied the issuer access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days, that was issued after the person ceased to be a director, trustee, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, trustee, chief executive officer or chief financial officer; (D) is or has been in the last 10 years, a director, trustee or executive officer of any issuer that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or (E) has in the last 10 years become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold such person's assets, except for the following:

Mr. Roy ceased to be a director of Komunik Corporation on April 1, 2008. Komunik Corporation filed for protection under the *Companies' Creditors' Arrangement Act* (Canada) (the "CCAA") in the fall of 2008.

Mr. Roy ceased to be a director of Pixman Nomadic Media Inc. on November 27, 2009. Between November 5, 2009 and February 17, 2010, the Alberta Securities Commission, British Columbia Securities Commission, the Ontario Securities Commission and the Autorité des marchés financiers issued cease trade orders in respect of Pixman Nomadic Media Inc. in connection with its failure to file annual audited financial statements for the year ended June, 30 2009 and interim unaudited financial statements for the interim period ended September 30, 2009, as well as related continuous disclosure documents. On February 2, 2010, Pixman Nomadic Media Inc. filed a notice of intention to make a proposal to creditors under the *Bankruptcy and Insolvency Act* (Canada).

Mr. Lavelle was a director of Slater Steel Inc. when it filed for protection on June 2, 2003 under the CCAA in Canada and under Chapter 11 of the U.S. Bankruptcy Code and Mr. Lavelle was also a director of SR Telecom Inc., when it filed for protection under the CCAA on November 19, 2007, and Tahera Diamond Corporation, which filed for protection under the CCAA on January 16, 2008.

Between April 3, 2006 and May 3, 2006, Mr. Sardo, who was then a director of Royal Group Technologies Limited, was prohibited from trading in securities of Royal Group Technologies Limited pursuant to a management cease trade order issued by the Ontario Securities Commission in connection with the delay in filing of certain of Royal Group Technologies Limited's financial statements.

Audit Committee Information

Charter of the Audit Committee

The text of the Charter of the Audit Committee of the Board of Directors of the Corporation (the "Audit Committee") is set out in Schedule "A" to this Annual Information Form.

Composition of the Audit Committee

The Audit Committee is composed of four Directors, namely Derek Brown, Patrick Lavelle, V. James Sardo and François R. Roy (Chairman). Each member of the Audit Committee is "independent" and "financially literate", in accordance with the applicable provisions of NI 52-110.

Relevant Education and Experience of the Audit Committee Members

The education and experience of each Audit Committee member that is relevant to the performance of his responsibilities as an member of the Audit Committee are set forth in their respective biographies above under the heading "– Directors".

External Audit Fees

The following table outlines the fees billed to the Corporation by PricewaterhouseCoopers LLP, the Corporation's external auditors, for each of the Corporation's last two fiscal years, categorized by audit fees, audit-related fees, tax fees, and all other fees and includes a description of the nature of services comprising such non-audit fees.

	January 1, 2009 - December 31, 2009	**January 1, 2010 - December 31, 2010**
Audit Fees	$231,935	$121,781
Audit-Related Fees(1)	$285,144	$280,188
Tax Fees(2)	$278,069	$241,407
All Other Fees(3)	$64,890	$196,106
Total	$860,038	$839,482

Notes:

(1) The Corporation's audit-related fees include fees paid to the Corporation's auditors for statutory audits, attestation services assistance with and review of documents filed with regulators, services provided in connection with the Corporation's offering of the 2016 Debentures and quarterly reviews.

(2) Tax fees are services performed by the Corporation's auditors' tax division except those tax services related to the audit. These services include fees for tax compliance, tax planning and tax advice.

(3) Other fees include accounting related fees regarding conversion to International Financial Reporting Standards ("IFRS") and the Arrangement and related internal reorganization of the Corporation, as well as fees for French translation of financial statements and management's discussion and analysis in connection with the Corporation's securities regulatory filings

The Corporation's Audit Committee has implemented a policy restricting the services that may be provided by the Corporation's external auditors. Any service to be provided by the Corporation's external auditors must be permitted by law and by the policy, and must be pre-approved by the Audit Committee pursuant to the policy. The policy provides for the annual pre-approval of specific types of services, and gives detailed guidance to management as to the specific services that are eligible for such annual pre-approval. All other services must also be specifically pre-approved by the Audit Committee as they arise throughout the year. In making its determination regarding services to be provided by the Corporation's external auditors, the Audit Committee considers the compliance with the policy and the provision of services in the context of avoiding any impact on auditor independence. This includes considering applicable regulatory requirements and guidance and whether the provision of the services would place the auditors in a position to audit their own work, result in the auditors acting in the role of the Corporation's management or place the auditors in an advocacy role on behalf of the Corporation. Four times a year, the Corporation's Executive Vice President and Chief Financial Officer makes a presentation to the Audit Committee detailing the services performed by the Corporation's external auditors on a year-to-date basis and provides details of any proposed assignments for consideration by the Audit Committee and pre-approval, if appropriate.

The Audit Committee has determined that PricewaterhouseCoopers LLP's provision of non-audit services during the financial year ending December 31, 2010 was compatible with maintaining its independence.

Environmental and Social (including Occupational Health and Safety) Responsibility Management Policy

The Corporation's environmental and social responsibility management policy (the "ESRM Policy") incorporates its occupational health and safety ("OH&S") policy. In general, the ESRM Policy aims to ensure compliance by the Corporation with applicable laws and regulations relating to environmental and social responsibility matters. The Corporation's ongoing environmental and social responsibilities are managed as follows:

- *Asset acquisition due diligence* – Where such information is available, environmental and social responsibilities are considered by the Corporation during the due diligence process in its review and evaluation of possible acquisitions. The asset's environmental and OH&S risk management frameworks are reviewed as part of the broader risk management framework assessment. Where regulatory obligations exist, the Corporation views such obligations as minimum standards for environmental and social responsibility management post-acquisition. The ESRM Policy outlines the key steps to be taken during the due diligence phase, including engaging an appropriate expert to identify issues and obligations relating to any investment.

- *Ongoing management* – Each asset owned by the Corporation maintains its own environmental and OH&S risk management framework and support infrastructure to manage its obligations and risks. The Corporation's ability to control or influence such a framework and infrastructure differs based on its level of ownership/control and the regulatory framework that governs environmental and OH&S risks. In general, the regulatory/governing framework and the minimum standards under which an asset operates is not controlled by the Corporation or its assets. It is the Corporation's policy to confirm compliance by its assets with such minimum standards. For each asset, Board reporting enables compliance with environmental and OH&S requirements to be monitored and issues to be identified and resolved on a timely basis.

- *Stakeholder reporting* – The ESRM Policy recognizes the importance of environmental and social responsibility management by requiring the Corporation to report annually to Shareholders regarding environmental and social responsibility management, including a summary of the ESRM Policy and key responsibilities, and a statement on the regulatory compliance of the applicable assets during the reporting period.

Administration Agreement

The description below is a summary only of certain provisions of the Administration Agreement, which summary does not purport to be complete and is subject to and qualified in its entirety by the full text of the Administration Agreement. Reference should be made to the Administration Agreement for the full text of its provisions (see "Material Contracts").

The Manager and the Corporation (as successor to each of the Fund and MPIIT) have entered into the Administration Agreement pursuant to which the Manager has been appointed as administrator of the Corporation, subject to the supervision of the Directors of the Corporation. Under the Administration Agreement, the Manager provides or arranges for the provision of administrative services to the Corporation, including legal, investor relations, and financial accounting and administration services. In addition, under the Administration Agreement, the Manager assists in and supervises the analysis of potential acquisitions and dispositions and carries out or supervises the making of acquisitions, dispositions or investments, as agreed by the Manager and subject to the control and direction of the Directors of the Corporation. In connection with the Administration Agreement, the Manager has supplied the services of persons to serve as the President and Chief Executive Officer and the Executive Vice President and Chief Financial Officer of the Corporation. Such services are provided on an "as needed basis" and are not full time positions.

In consideration for providing the services under the Administration Agreement, the Manager receives: (i) an annual base fee of approximately $111,000, subject to adjustment for inflation; and (ii) payments representing cost reimbursement (except for compensation payable by the Manager to the persons whose services may be supplied to act as the President and Chief Executive Officer and the Executive Vice President and Chief Financial Officer of the Corporation). In the event that the Corporation was to acquire assets other than through Cardinal LP or another entity for which the Manager is appointed manager, the annual fee will be increased by an amount agreed to by the Corporation and the Manager, as approved by the Directors of the Corporation independent of the Manager, taking into consideration the increased service levels required and the resource requirements imposed as a result of or created by such acquisition.

Under the Administration Agreement, a number of material actions may not be authorized by the Manager without first obtaining the approval of a majority of the Directors of the Corporation and/or, in certain circumstances, the approval of a majority of the Directors of the Corporation independent of the Manager. Included among such material actions are the Manager, on behalf of the Corporation, entering into any transaction with the Manager or an affiliate of the Manager and amending the terms of the Administration Agreement or the fees payable thereunder.

The Administration Agreement has an initial term ending on April 30, 2024 and will be automatically renewed for additional five-year terms unless terminated in accordance with its terms. In addition to standard termination provisions, the Administration Agreement provides that the Manager may also terminate at will upon 90 days' prior written notice. The Corporation may terminate the Administration Agreement upon: (i) 90 days' prior written notice should the Manager cease to be a wholly-owned subsidiary of at least a one of Macquarie Bank Limited, Macquarie North America Ltd., Macquarie North America Holdings Ltd. or Macquarie Canada Holdings Ltd. (each a "Macquarie Affiliate") at any time during the term of the Administration Agreement without the prior written consent of the Corporation, which consent may not be unreasonably withheld; (ii) the termination of all outstanding management agreements between the Manager or its affiliates, Cardinal LP and any other subsidiaries of the Corporation; or (iii) 90 days' prior written notice if the lease for the Cardinal Facility expires and a subsidiary of the Corporation no longer operates the Cardinal Facility and the Cardinal Facility then represents all or substantially all of the assets of the Corporation.

Prior to its amendment and restatement as of January 1, 2011, the Administration Agreement provided the Manager with the right to appoint one Trustee of the Fund. Pursuant to the current Administration Agreement, the Manager is entitled to nominate for election one individual as a Director of the Corporation at each annual meeting of Shareholders and, failing the election of such individual, the Manager has the right to have an observer present at all meetings of Directors of the Corporation.

Other than as otherwise disclosed herein, prior to its amendment and restatement as of January 1, 2011, the material terms of the Administration Agreement were substantially the same as the current Administration Agreement. The Manager earned a base fee under the Administration Agreement of $111,542 for the year ended December 31, 2010. Total costs incurred by the Manager in the amount of approximately $4.1 million were recoverable for the same period pursuant to the Administration Agreement, the Cardinal LP Management Agreement, the LTC Holding LP Management Agreement and the MPC Management Agreement (each described below). All cost recovery was on an "as incurred" basis without any margin or profit component.

On March 15, 2011, the Corporation announced that it had entered into an agreement with the Manager to terminate the Administration Agreement effective April 15, 2011, subject to certain conditions (see "General Development of the Business").

Cardinal LP Management Agreement

The description below is a summary only of certain provisions of the Cardinal LP Management Agreement, which summary does not purport to be complete and is subject to and qualified in its entirety by the full text of the Cardinal LP Management Agreement. Reference should be made to the Cardinal LP Management Agreement for the full text of its provisions (see "Material Contracts").

The Manager, the Corporation (as successor to each of the Fund and MPIIT) and Cardinal LP have entered into the Cardinal LP Management Agreement pursuant to which the Manager has been engaged to provide or cause to be provided certain management services to Cardinal LP for the Cardinal Facility, as well as any facilities that may be acquired directly or indirectly by Cardinal LP in the future, including overseeing operations and maintenance of the Cardinal Facility, human resources, legal, and financial accounting and administration. In addition, under the Cardinal LP Management Agreement, the Manager assists in and supervises the analysis of potential acquisitions and dispositions and carries out or supervises the making of acquisitions, dispositions or investments, as agreed by the Manager and subject to the control and direction of the board of directors of Cardinal GP. In connection with the Cardinal LP Management Agreement, the Manager has supplied the services of persons to serve as the President and Chief Executive Officer and the Executive Vice President, Chief Financial Officer and Secretary of Cardinal GP. Such services are provided on an "as needed basis" and are not full time positions. The obligations of Cardinal LP under the Cardinal LP Management Agreement are guaranteed by the Corporation.

In consideration for providing services under the Cardinal LP Management Agreement, the Manager receives: (i) an annual base fee of approximately $640,000, subject to adjustment for inflation and future acquisitions following January 1, 2011; (ii) payments representing cost reimbursement (except for compensation payable by the Manager to the persons whose services may be supplied to act as the President and Chief Executive Officer and the Executive Vice President, Chief Financial Officer and Secretary of Cardinal GP); and (iii) an incentive fee based on the per Common Share aggregate amount of cash flows from operating activities and all cash from equity and debt investments of the Corporation and its direct and indirect wholly-owned subsidiary entities on a consolidated basis less amounts used for the establishment and maintenance of reasonable reserves. Other than as otherwise disclosed herein, prior to its amendment and restatement as of January 1, 2011, the material terms of the previous agreement were substantially the same as the current Cardinal LP Management Agreement. The Manager earned a base fee of approximately $641,367 and no incentive fee for the year ended December 31, 2010 under the Cardinal LP Management Agreement. See "– Administration Agreement" for information regarding cost reimbursement.

Under the Cardinal LP Management Agreement, a number of material actions may not be authorized by the Manager without first obtaining the approval of a majority of the directors of Cardinal GP and a majority of the Directors of the Corporation and/or, in certain circumstances, the approval of a majority of the directors of Cardinal GP and a majority of the Directors of the Corporation independent of the Manager. Included among such material actions are the Manager, on behalf of Cardinal GP, entering into any transaction with the Manager or an affiliate of the Manager and amending the terms of the Cardinal LP Management Agreement or the fees payable thereunder.

The Cardinal LP Management Agreement has an initial term ending on April 30, 2024 and will be automatically renewed for additional five-year terms unless terminated in accordance with its terms. In addition to standard termination provisions, the Cardinal LP Management Agreement provides that the Manager may also terminate at will upon 90 days' prior written notice. Cardinal LP may terminate the Cardinal LP Management

Agreement upon 90 days' prior written notice: (i) should the Manager cease to be a wholly-owned subsidiary of a Macquarie Affiliate at any time during the term of the Cardinal LP Management Agreement without the prior written consent of Cardinal LP, which consent may not be unreasonably withheld; or (ii) if the lease for the Cardinal Facility expires and a subsidiary of the Corporation no longer operates the Cardinal Facility and the Cardinal Facility then represents all or substantially all of the assets of the Corporation.

On March 15, 2011, the Corporation announced that it had entered into an agreement with the Manager to terminate the Management Agreements, including the Cardinal LP Management Agreement, effective April 15, 2011, subject to certain conditions (see "General Development of the Business").

MPC Management Agreement

The Manager, the Corporation (as successor to the Fund) and MPC (as successor to CPOT and CPIF) have entered into the MPC Management Agreement pursuant to which the Manager has been engaged to provide or cause to be provided certain management services to MPC in respect of the Erie Shores Wind Farm, the Chapais Facility and the Whitecourt Facility (together, the "Biomass Facilities"), and the Waterpower Facilities as well as any other subsequent direct or indirect investments of MPC. The MPC Management Agreement contains provisions substantially similar to those of the Cardinal LP Management Agreement. The principal differences between the MPC Management Agreement and the Cardinal LP Management Agreement are those described below. The description below is a summary only of certain provisions of the MPC Management Agreement, which summary does not purport to be complete and is subject to and qualified in its entirety by the full text of the MPC Management Agreement. Reference should be made to the MPC Management Agreement for the full text of its provisions (see "Material Contracts").

In consideration for providing services to MPC under the MPC Management Agreement, the Manager receives: (i) an annual base fee of approximately $684,000, subject to adjustment for inflation and future acquisitions following January 1, 2011; (ii) payments representing cost reimbursement (except for compensation payable by the Manager to the persons whose services may be supplied to act as the President and Chief Executive Officer and the Executive Vice President, Chief Financial Officer and Secretary of MPC); and (iii) an incentive fee based on the per Common Share aggregate amount of cash flows from operating activities and all cash from equity and debt investments of the Corporation and its direct and indirect wholly-owned subsidiary entities on a consolidated basis less amounts used for the establishment and maintenance of reasonable reserves. Other than as otherwise disclosed herein, prior to its amendment and restatement as of January 1, 2011, the material terms of the previous agreement were substantially the same as the current MPC Management Agreement. The Manager earned a base fee of approximately $683,867 and no incentive fee for the year ended December 31, 2010 under the MPC Management Agreement. See "– Administration Agreement" for information regarding cost reimbursement.

Under the MPC Management Agreement, a number of material actions may not be authorized by the Manager without first obtaining the approval of a majority of the directors of MPC and a majority of the Directors of the Corporation and/or, in certain circumstances, the approval of a majority of the directors of MPC independent of the Manager. Included among such material actions are the Manager, on behalf of MPC, entering into any transaction with the Manager or an affiliate of the Manager and amending the terms of the MPC Management Agreement or the fees payable thereunder.

The MPC Management Agreement has an initial term ending on April 30, 2024 and which may be renewed at the option of the Manager for two additional five-year terms. In addition to standard termination provisions, the MPC Management Agreement provides that the Manager may also terminate at will upon 90 days' prior written notice. MPC may terminate the MPC Management Agreement upon 90 days' prior written notice: (i) should the Manager cease to be a wholly-owned subsidiary or affiliate of a Macquarie Affiliate at any time during the term of the MPC Management Agreement without the prior written consent of MPC, which consent may not be unreasonably withheld; or (ii) if MPC sells all or substantially all of its assets.

On March 15, 2011, the Corporation announced that it had entered into an agreement with the Manager to terminate the Management Agreements, including the MPC Management Agreement, effective April 15, 2011, subject to certain conditions (see "General Development of the Business").

ASP Management Agreement

The Manager, the Corporation (as successor to the Fund) and ASP Partnership (previously a limited partnership named Helios Solar Star A-1, L.P., prior to becoming a general partnership as at January 1, 2011) have entered into the ASP Management Agreement pursuant to which the Manager has been engaged to provide or cause to be provided certain management services to ASP Partnership in respect of the Amherstburg Solar Park. The ASP Management Agreement contains provisions substantially similar to those of the Cardinal LP Management Agreement. The principal differences between the ASP Management Agreement and the Cardinal LP Management Agreement are those described below. The description below is a summary only of certain provisions of the ASP Management Agreement, which summary does not purport to be complete and is subject to and qualified in its entirety by the full text of the ASP Management Agreement. Reference should be made to the ASP Management Agreement for the full text of its provisions (see “Material Contracts”).

In consideration for providing services to ASP Partnership under the ASP Management Agreement, the Manager receives: (i) an annual base fee of approximately $300,000, subject to adjustment for inflation and future acquisitions following January 1, 2011; (ii) payments representing cost reimbursement (except for compensation payable by the Manager to the persons whose services may be supplied to act as the President and Chief Executive Officer and the Executive Vice President, Chief Financial Officer and Secretary of ASP GP); and (iii) an incentive fee based on the per Common Share aggregate amount of cash flows from operating activities and all cash from equity and debt investments of the Corporation and its direct and indirect wholly-owned subsidiary entities on a consolidated basis less amounts used for the establishment and maintenance of reasonable reserves. Other than as otherwise disclosed herein, prior to its amendment and restatement as of January 1, 2011, the material terms of the previous agreement were substantially the same as the current ASP Management Agreement. The Manager earned a base of approximately $157,808 and no incentive fee for the year ended December 31, 2010 under the ASP Management Agreement. See “– Administration Agreement” for information regarding cost reimbursement.

Under the ASP Management Agreement, a number of material actions may not be authorized by the Manager without first obtaining the approval of a majority of the directors of ASP GP and a majority of the Directors of the Corporation and/or, in certain circumstances, the approval of a majority of the Directors of the Corporation independent of the Manager. Included among such material actions are the Manager, on behalf of ASP GP, entering into any transaction with the Manager or an affiliate of the Manager and amending the terms of the ASP Management Agreement or the fees payable thereunder.

The ASP Management Agreement has an initial term ending on April 30, 2024 and which may be renewed at the option of the Manager for two additional five-year terms. In addition to standard termination provisions, the ASP Management Agreement provides that the Manager may also terminate at will upon 90 days’ prior written notice. ASP Partnership may terminate the ASP Management Agreement upon 90 days’ prior written notice: (i) should the Manager cease to be a wholly-owned subsidiary or affiliate of a Macquarie Affiliate at any time during the term of the ASP Management Agreement without the prior written consent of ASP Partnership, which consent may not be unreasonably withheld; or (ii) ASP Partnership sells all or substantially all of its assets.

On March 15, 2011, the Corporation announced that it had entered into an agreement with the Manager to terminate the Management Agreements, including the ASP Management Agreement, effective April 15, 2011, subject to certain conditions (see “General Development of the Business”).

LTC Holding LP Management Agreement

As of October 18, 2005, the Manager, the Fund, MPIIT and LTC Holding LP entered into the LTC Holding LP Management Agreement, pursuant to which the Manager was engaged to provide or cause to be provided certain management services to LTC Holding LP in respect of its investment in MLTCLP, as well as any other subsequent direct or indirect investments of LTC Holding LP. The LTC Holding LP Management Agreement was terminated effective March 31, 2010 following the indirect sale by LTC Holding LP of the Leisureworld senior care business in March 2010. In consideration for providing services under the LTC Holding LP Management Agreement, the Manager earned a *pro rata* base fee of approximately $121,399 and no incentive fee for the period from January 1, 2010 until termination of the LTC Holding LP Management Agreement. See “– Administration Agreement” for information regarding cost reimbursement and “General Development of the Business”.

Non-Exclusivity and Rights of First Offer

Pursuant to the terms of the Administration Agreement and the Management Agreements, the Manager's personnel may be employed or contracted directly by the Manager or may be seconded from one or more of the Manager's affiliates on a full-time or part-time basis. Such personnel are not required to devote their time exclusively to or for the benefit of the Corporation, Cardinal LP, MPC or ASP Partnership, as applicable.

The Manager, its affiliates, and its employees or agents may be engaged by or invest directly or indirectly in a variety of other companies or other entities involved in owning, managing or advising on or otherwise engaged in the business of the generation, production, transmission, distribution, purchase, and sale of electricity, other forms of energy-related projects, infrastructure projects, utility projects or other businesses. Notwithstanding the foregoing and subject to certain exceptions (including those described below), the Manager and its Canadian affiliates are prohibited from acquiring, as principal, an interest in operating power generating facilities in Canada or the U.S. when such investments would meet Corporation's investment criteria, unless such interest has first been offered to the Corporation on the terms available to the Manager or the Corporation has otherwise been given the opportunity to pursue such investment, subject to the terms of the Administration Agreement and the Management Agreements, as applicable. These prohibitions and rights of first opportunity do not apply to the acquisition of or other investment in operating power facilities in Canada or the U.S. by a fund or entity that is managed by the Manager, or an affiliate of the Manager, or where the Manager, or an affiliate of the Manager, is the general partner of such fund or entity, including, as applicable, Macquarie Essential Assets Partnership ("MEAP").

Affiliates of the Manager currently act as the manager of a number of infrastructure investment funds whose investment criteria are broad enough to encompass investments in operating power generation facilities in Canada and the U.S. In particular, an affiliate of the Manager is the general partner of MEAP, which invests in regulated and other essential infrastructure assets. Neither MEAP nor any of these other funds are primarily focused on operating power generation facilities in Canada and the U.S. and they do not currently own any operating power generation facilities. Each of the Administration Agreement and the Cardinal LP Management Agreement contain a protocol to address potential conflicts of interest which may arise as a result of the management of MEAP and future infrastructure investment vehicles by the Manager's affiliates. In addition, the other Management Agreements contain similar protocols to address potential conflicts of interest which may arise as a result of the management of existing and future infrastructure investment vehicles by the Manager's affiliates. However, based on the investment criteria of MEAP and the Corporation, the Manager believes that it is unlikely that a conflict of interest will arise in relation to the investment in operating power generation facilities in Canada and the U.S.

Subject to certain exceptions contained in the Administration Agreement, the Manager and its Canadian affiliates will grant a right of first offer to the Corporation in respect of any ownership interest held by the Manager or any of its Canadian affiliates as principal in any operating power generation facilities in Canada or the U.S. that meets the Corporation's investment criteria that the Manager or its Canadian affiliate intends to sell or offer to a third party purchaser or to monetize through a structure similar to the Corporation. However, if the ownership interest meets the investment criteria of MEAP and the operating power generation facility is located in Canada or the U.S., the Manager or its Canadian affiliate will first offer the ownership interest to MEAP before offering it to the Corporation. The Manager believes that it is unlikely that an investment opportunity will arise in relation to an operating power generation facility located in Canada or the U.S. that will meet the acquisition and investment guidelines of both MEAP and the Corporation. The foregoing right of first offer does not apply to the disposition of operating power facilities in Canada or the U.S. by a fund or entity that is managed by the Manager or an affiliate of the Manager.

The Manager and its Canadian affiliates will also not, during the term of the Administration Agreement or the Management Agreements, become managers of an income fund or a similar investment vehicle listed on a stock exchange in Canada whose primary investment objective is to invest in operating power generation facilities.

On March 15, 2011, the Corporation announced that it had entered into an agreement with the Manager to terminate the Administration Agreement and the Management Agreements effective April 15, 2011, subject to certain conditions (see "General Development of the Business").

CONFLICTS OF INTEREST

Certain conflicts of interest could arise as a result of the relationships among the Manager, the Corporation, Cardinal GP, Cardinal LP, ASP GP, ASP Partnership and MPC. The Corporation, Cardinal GP, ASP GP and MPC are dependent upon the Manager, through the Administration Agreement and the Management Agreements, for management and administrative services relating to the Corporation's, Cardinal LP's, ASP Partnership's and MPC's businesses. The officers of the Corporation are also officers of the Manager. The directors and officers of the Manager have a fiduciary duty to manage the Manager in the best interests of the Manager, subject to the terms of the Administration Agreement and the Management Agreements. The Administration Agreement and the Management Agreements provide that a number of material actions may not be authorized by the Manager without first obtaining the approval of a majority of the directors of the Corporation, Cardinal GP, ASP GP or MPC as applicable, and/or, in certain circumstances, the approval of a majority of the directors of the applicable entity or Directors of the Corporation independent of the Manager. See "Management of the Corporation – Administration Agreement", "Management of the Corporation – Cardinal LP Management Agreement", "Management of the Corporation – MPC Management Agreement", "Management of the Corporation – ASP Management Agreement" and "Management of the Corporation – Non-Exclusivity and Rights of First Offer".

As at the date of this Annual Information Form, the Corporation is not aware of any existing conflict of interest in any transaction or in any proposed transaction that has materially affected or will materially affect the Corporation, except as disclosed above.

RISK FACTORS

The Corporation, its subsidiaries and the facilities in which they have invested face a number of risks and uncertainties, including the risk factors set out below that could have an adverse impact on their businesses, operating results and financial condition, which could, in turn, adversely affect the Corporation's ability to pay dividends to Shareholders. The Corporation attempts to mitigate the risks and uncertainties that may affect its performance through a process of identifying, assessing, reporting and managing risks of significance. The following information is a summary only of certain risk factors and is qualified in its entirety by reference to, and must be read in conjunction with, the detailed information appearing elsewhere in this Annual Information Form and in the Corporation's filings with Canadian securities regulators from time to time, including the Corporation's management's discussion and analysis for the year ended December 31, 2010.

Risks Related to Power Infrastructure

Operational Performance

The Corporation's revenue is proportional to the amount of electrical energy generated by the Power Infrastructure Facilities. The Power Infrastructure Facilities are subject to risks related to premature wear or failure, defects in design, material or workmanship and longer than anticipated down times for maintenance and repair. These risks are partially mitigated by the proven nature of the technologies employed at each facility, regular maintenance and the design of each facility.

The operational performance of the Erie Shores Wind Farm and the Waterpower Facilities are dependent upon wind speed and density and water flows, respectively. This risk is partially offset by the geographic diversification of the Waterpower Facilities in the three different watersheds.

Upon the start of commercial operations, the performance of the Amherstburg Solar Park will rely on the availability and constancy of solar insolation, which could vary due to abnormal weather conditions.

Any of these circumstances could have an adverse impact upon the business, operating results, and financial condition of one or more of the Power Infrastructure Facilities, which could, in turn, adversely affect the Corporation's results and its ability to pay dividends on the Common Shares.

Power Purchase Agreements

Most of the electricity that is generated by the Power Infrastructure Facilities is sold to large utilities or creditworthy customers under long-term PPAs, which provide a specified rate for a defined period of time. Additionally, certain excess power generated by certain of the facilities may be sold in the open market. As a result, dividends to Shareholders depend, in part, upon prices paid for energy sold in the open market.

As PPAs expire, there can be no assurance that the Power Infrastructure Facilities will be able to renegotiate or enter into power supply contracts on terms that are commercially reasonable, if at all. If the Power Infrastructure Facilities choose to sell the power they produce on the open market, there can be no assurance that the market price they will receive for the electricity so offered will exceed the marginal cost of operations.

Fuel Costs and Supply

The supply of natural gas required by the Cardinal Facility is contracted under the Cardinal GPA, which expires on May 1, 2015. The Whitecourt Facility and Chapais Facility each have long-term contracts with substantial forest products companies to supply a majority of their respective wood waste fuel requirements (see "Narrative Description of the Business – Power Infrastructure – Whitecourt Facility – Wood Waste Supply Arrangements" and "Narrative Description of the Business – Power Infrastructure – Chapais Facility – Wood Waste Supply Arrangements", respectively). Upon the expiry of each of these supply agreements, the Corporation will have to renegotiate the agreement or enter into a new supply agreement. There can be no assurance that such agreements will be able to be renegotiated, or new supply agreements be entered into, on terms that are similar to the existing agreements, if at all. Furthermore, there can be no assurance as to the supply or price of natural gas or wood waste available on the open market or at the time of the expiry of the supply agreements. If, at the time of the expiry of a particular supply agreement, the price of natural gas or wood waste, as applicable, available to the relevant facility is in excess of the price available under the current supply arrangements, this could have an adverse impact upon the business, operating results and financial condition of such facilities, which could, in turn, adversely affect the Corporation's results and the Corporation's ability to pay dividends on its Common Shares.

Furthermore, each of these facilities is also dependent on the supply of fuel to it. Any interruption in the supply of fuel (as a result of transportation or otherwise) or increases in fuel transportation costs, which is regulated by the Natural Energy Board in the case of natural gas, may result in a significant reduction in the Corporation's cash flow. On February 25, 2011, the National Energy Board approved TCPL's proposed interim gas transportation toll of $2.24 per gigajoule ("GJ") effective March 1, 2011, which is a significant increase from the toll of $1.64 per GJ in 2010 and higher than the Corporation had anticipated. This increase in natural gas transportation costs is expected to result in a $5.5 million to $6 million increase in operating costs at the Cardinal Facility. In the case of the Chapais Facility, certain suppliers of wood waste fuel have reduced the amount of wood waste supplied and the facility has had to purchase replacement wood waste from other sources at spot prices. There can be no assurance as to the continued supply or the price of such fuel on the open market. Any increase in prices or shortages in availability of wood waste fuel currently purchased by the Biomass Facilities on the open market may also result in significant reduction in the Corporation's cash flow.

Cardinal LP uses the Cardinal Gas Swap Agreement to mitigate the effect of natural gas price fluctuations on the net proceeds which Cardinal LP receives for natural gas sold in excess of the Cardinal Facility's requirements. The Cardinal Gas Swap Agreement could expose the Corporation to losses which could occur under various circumstances, including the counterparty defaulting in respect of its obligations under the Cardinal Gas Swap Agreement, if the Cardinal Gas Swap Agreement provides an imperfect hedge or in the event that the Corporation's swap policies and procedures are not followed.

Contract Performance

The amount of the Corporation's cash flow available for distribution to Shareholders as dividends is highly dependent upon the parties to the various agreements relating to the Power Infrastructure Facilities fulfilling their contractual obligations, particularly OEFC and OPA under various PPAs, Husky Marketing under the Cardinal GPA and Millar Western under its wood waste supply agreement for the Whitecourt Facility. An inability or failure by any such party to meet its contractual commitments could have an adverse impact upon the business, operating results and financial condition of one or more of the Power Infrastructure Facilities, which could, in turn, adversely affect the Corporation's results and the Corporation's ability to pay dividends on its Common Shares.

Upon the start of commercial operations, the ability of the Amherstburg Solar Park to generate cash for distribution to Shareholders as dividends depends on the ability of its customers and other parties to fulfill their contractual obligations, including the OPA and SunPower. If these parties are unable or fail to meet contractual commitments, the business, operating results or financial condition of the Corporation could be negatively affected.

Development Risk

The Corporation's ability to successfully execute the development of the Amherstburg Solar Park could be influenced by construction delays due to slow or delayed delivery of materials or component parts, contractor non-performance, weather conditions or labour shortages, disruptions or inexperience. While the Corporation has attempted to mitigate these risks through a fixed-price ASP EPC Agreement with SunPower, which is intended to transfer the risks inherent in engineering, procurement and construction of the facility to SunPower (and includes liquidated damages payable to the Corporation in the event of delays), any such delay could have an adverse impact on the business, operating results or financial condition of ASP Partnership, which could, in turn, adversely affect the Corporation's results and the Corporation's ability to pay dividends on its Common Shares.

Technology Risk

While much of the technology that will be utilized at the Amherstburg Solar Park has a history of reliable performance at similar facilities throughout the world, some of the components of the facility have not previously been used in operations in Canada. In addition, the Corporation does not have previous operational expertise with solar photovoltaic power projects. The performance of the Amherstburg Solar Park could be affected by a failure of the solar modules and other components to perform as expected, by premature wear or failure due to defects in design, material or workmanship, or by failure to maintain the facility. The Corporation has attempted to mitigate some of these risks by obtaining manufacturers' warranties for the principal components that will be utilized at the facility, including a 25-year warranty on the photovoltaic panels and a 10-year warranty on the inverters. In addition, for the first two years of commercial operations, SunPower will provide a weather-adjusted performance guarantee for electricity production and SunPower will be providing all operations and maintenance services required for the facility. Notwithstanding the foregoing, it is possible that the Amherstburg Solar Park may not operate as planned and that design or manufacturing flaws may occur, which could conceivably not be covered by warranty or mechanical breakdown could occur in equipment after the warranty period has expired, resulting in loss of production as well as the cost of repair. Such performance issues could have an adverse impact on the business, operating results or financial condition of ASP Partnership, which could, in turn, adversely affect the Corporation's results and the Corporation's ability to pay dividends on its Common Shares.

Default under Credit Agreements

The Corporation and its subsidiaries have the following credit agreements in place relating to the Power Infrastructure Facilities: the Issuer Credit Agreement, the Erie Shores Credit Agreement and the ASP Credit Agreement. These credit agreements contain a number of customary financial and other covenants. A failure by any borrower to comply with its obligations under the applicable credit agreement could result in a default, which, if not cured or waived, could result in the termination of distributions generated by the applicable facility and permit acceleration of the relevant indebtedness. If the indebtedness under any of the credit agreements were to be accelerated, there could be no assurance that the assets of the applicable borrower, or the applicable guarantors, would be sufficient to repay that indebtedness in full. There can be no assurance that any of Cardinal LP, MPC, ESWFLP or ASP Partnership will generate sufficient cash flow from operations or that future distributions will be available in amounts sufficient to pay outstanding indebtedness or to fund any other liquidity needs.

There can also be no assurance that the Corporation or its subsidiaries could refinance these credit agreements or obtain additional financing on commercially reasonable terms, if at all. Borrowings under the Issuer Credit Agreement may be at variable rates of interest, which exposes the Corporation to the risk of increased interest rates. This factor may increase the sensitivity of the Corporation's cash flow to interest rate variations.

Land Tenure and Related Rights

The Power Infrastructure Facilities have various land tenure and resource access rights upon which they depend for their operation. There can be no assurance that these rights will not be challenged, and, if challenged, whether such challenge will be successful. Furthermore, there can be no assurance that such rights will be able to be renegotiated or extended on commercially reasonable terms, if at all. At such time as any of these rights are successfully challenged or expire and cannot be renewed or renegotiated upon acceptable terms, the affected Power Infrastructure Facility will likely be unable to continue to operate. In addition, in these circumstances there can be no assurance that the Corporation or its subsidiaries will have the necessary financial resources or will be able to obtain the necessary financial resources to fund or cause to be funded any required restoration and remediation works.

Regulatory Regime and Permits

The Corporation's Power Infrastructure Facilities are highly regulated and must abide by the relevant market rules as administered by the system operators in each local jurisdiction. The performance of these facilities depends in part on a favourable regulatory climate and on the ability to obtain, maintain, or renew all necessary licences, permits or government approvals. While these facilities are currently compliant with all regulatory requirements, the Corporation could incur significant expense to achieve or maintain compliance with any new laws or regulations that are introduced. If the Corporation is unable to comply with applicable regulations and standards, it could become subject to claims, costs or enforcement actions.

The following summarizes key regulatory considerations for each of the Power Infrastructure Facilities:

Facility	Regulatory Consideration
Cardinal	• Subject to environmental regulations, including GHG emission standards and/or approvals related to operations
Erie Shores	• Subject to regulations and/or approvals related to birds, mammals and other animals, and to sound
Waterpower Facilities	• Water rights are generally owned by governments and government agencies reserve the right to control water levels and to change or impose new dam safety regulations
Whitecourt	• Subject to environmental regulations, including GHG emission standards and/or approvals related to operations, including biomass supply and wood ash disposal
Amherstburg	• Subject to regulations and approvals related to land use, wildlife and wildlife habitat, and to sound

The Corporation attempts to mitigate these risks by developing and adhering to compliance plans and by participating in industry groups to remain abreast of evolving issues or requirements. In addition, each facility completes an annual operational risk self-assessment, which applies a formal process to identifying, ranking, mitigating and monitoring risks.

Force Majeure

The occurrence of a significant event which disrupts the ability of the Power Infrastructure Facilities to produce or sell power for an extended period, including events which preclude existing customers from purchasing power, could have a material negative impact on the Corporation's cash flow. A significant portion of the events giving rise to *force majeure* are mitigated by the Corporation's contractual arrangements, diversified asset base and applicable insurance programs.

Risks Related to the Corporation

Variability and Payments of Dividends, which are not Guaranteed

Although the Board of Directors of the Corporation has adopted a policy of paying a monthly dividend to Shareholders, whether dividends are declared and the amount of any such dividend in the discretion of the Directors. Further, the funds available for the payment of dividends from time to time will be dependent upon operating cash flows generated by subsidiaries of the Corporation, financial requirements for such operations and to execute the Corporation's growth strategy, and the satisfaction of solvency tests imposed by the BCBCA for the declaration and payment of dividends. See "Dividends".

Geographic Concentration and Non-Diversification

The Cardinal Facility, the Erie Shores Wind Farm, the Dryden Facility and the Wawatay Facility, which together contributed in 2010 in excess of 75.4% of the cash flow generated by the Corporation (with the Cardinal Facility alone contributing approximately 56.6% of the cash flow generated by the Corporation in 2010), are all located in the Province of Ontario. Additionally, the Amherstburg Solar Park is being developed in Ontario. If the Ontario market was to generally experience a severe decline in financial performance as a result of changes in local or regional economic conditions or an adverse change to the regulatory environment in Ontario, the market value of the Cardinal Facility and the other Power Infrastructure Facilities located in Ontario, as applicable, the income generated from them and the overall financial performance of the Corporation could be negatively affected.

Dependence on the Manager of the Corporation and Potential Conflicts of Interest

The Corporation, Cardinal GP, ASP GP and MPC are dependent upon the Manager, through the Administration Agreement and the Management Agreements, for administrative and management services relating to their respective businesses. The Manager, its affiliates, its employees or its agents and other funds and vehicles managed by affiliates of the Manager may be engaged or invest, directly or indirectly, in a variety of other companies or entities involved in owning, managing, advising on or being otherwise engaged in the same businesses as the Power Infrastructure Facilities or other infrastructure businesses. The Administration Agreement and the Management Agreements contain provisions respecting the procedures to be followed in the event of such conflict of interests. In certain circumstances, such conflicts may result in the Corporation or its subsidiaries having to engage persons other than the Manager to provide acquisition and support services in respect of certain acquisitions or investments.

On March 15, 2011, the Corporation announced that it had entered into an agreement with the Manager to terminate the Administration Agreement and the Management Agreements effective April 15, 2011, subject to certain conditions (see "General Development of the Business"). Upon termination of such agreements, the existing senior management team of the Corporation will become employees of the Corporation and continue to serve the Corporation in their current roles. In the event that these agreements are terminated as currently expected, the Corporation's success will depend heavily on its ability to attract, retain and motivate key employees, including senior management. If the Corporation loses the services of any of its key executives and cannot replace them in a timely manner, its business and prospects may be adversely affected. Since the Corporation is managed by a small group of executive officers, the loss of the technical knowledge, management expertise and knowledge of operations of one or more members of the Corporation's senior management team could result in a diversion of management resources, as the remaining members of management would need to cover the duties of any executive officer who leaves the Corporation and would need to spend time usually reserved for managing the business to search for, hire and train new members of management. The loss of some or all of the Corporation's executives could negatively affect the Corporation's ability to develop and pursue its business strategy which could adversely affect the Corporation's business and financial results. The Corporation does not currently carry any "key man" life insurance on its executives.

Proposed Investment in the District Heating Business

The Corporation's business strategy includes growth through acquisitions. On December 12, 2010, an indirect, wholly-owned subsidiary of the Corporation entered into an agreement to invest approximately $100 million to acquire a 33.3% interest in the District Heating Business. The transaction is expected to close in March 2011. The acquisition of the District Heating Business is subject to the normal commercial risks and satisfaction of closing conditions. The acquisition may not be completed or, if completed, may not be on terms that are exactly the same as initially negotiated. In the event that the Corporation does not complete the acquisition, it may have an adverse effect on the operations and results of the Corporation in the future.

Risks related to the proposed investment in the District Heating Business include general business risks inherent in the district heating sector; geographic concentration; minority interest; government regulation; termination of supply and customer contracts; possible failure to complete the acquisition; enforcement of indemnities against vendors of the District Heating Business; environmental health and safety liabilities; liability and insurance; and reliance on key personnel. There is also a risk that the District Heating Business may not achieve expected results.

Insurance

The Corporation maintains insurance coverage in respect of potential liabilities and the accidental loss of value of its assets from risks, in amounts, with such insurers and on such terms as the Directors consider appropriate, taking into account all relevant factors including the practices of owners of similar assets and operations. However, not all risk factors are covered by such insurance, and no assurance can be given that insurance will be consistently available or available on an economic basis or that the amounts of insurance will at all times be sufficient to cover each and every loss or claim that may occur involving the assets or operations of the Corporation.

Environmental, Health and Safety Regime

The Power Infrastructure Facilities are subject to a complex and stringent environmental, health and safety regulatory regime, which includes Environmental, Health and Safety Laws. As such, the operation of these facilities carries an inherent risk of environmental, health and safety liabilities (including potential civil actions, compliance or remediation orders, fines and other penalties) and may result in the facilities being involved from time to time in administrative and judicial proceedings related to such matters, which could have a material adverse effect on the Corporation's business, financial condition and results of operations and which could adversely affect the Corporation's ability to pay dividends on the Common Shares. The Corporation has not been notified of any such civil or regulatory action in regards to its operations. However, it is not possible to predict with certainty what position a regulatory authority may take regarding matters of non-compliance with Environmental, Health and Safety Laws. Changes in such laws, or more aggressive enforcement of existing laws, could lead to material increases in unanticipated liabilities or expenditures for investigation, assessment, remediation or prevention, capital expenditures, restrictions or delays in the facilities' activities, the extent of which cannot be predicted.

The primary environmental risks associated with the operation of the Waterpower Facilities include possible dam failure which results in upstream or downstream flooding, and equipment failure which results in oil or other lubricants being spilled into the waterway. In addition, the operation of a waterpower facility may cause the water in the associated waterway to flow faster, or slower, which could result in water flow issues which could impact fish population, water quality and potential increases in soil erosion around a dam facility. In order to monitor and mitigate these risks, the Corporation completes facility inspections and ensures its facilities are in compliance with the appropriate regulatory requirements for the specific facility.

The primary environmental risks associated with the operation of the Erie Shores Wind Farm include potential harm to the local migratory bird population, harm to the local bat population as well as concerns over noise levels and visual 'harm' to the scenic environment around the wind facility. In order to monitor and mitigate these risks, the Corporation completes facility inspections and ensures its facilities are in compliance with the appropriate regulatory requirements for the specific facility.

The primary environmental risks associated with the operation of the Cardinal Facility and the Biomass Facilities include potential air quality and emissions issues, soil contamination resulting from oil spills, issues around the storage and handling of chemicals used in normal operations and, in the case of the Biomass Facilities, the storage of wood waste fuel on site. The Corporation's procedures, in place to prevent and minimize any impact of the foregoing, meet generally acceptable industry practices. As such, the Corporation does not believe that it engages in the improper discharge of emissions, untreated water, chemicals or oil at these facilities which could have a material adverse impact upon the business, operating results and financial condition of the Corporation.

The primary environmental risks associated with the operation of the Amherstburg Solar Park include potential sound emission issues. However, the construction and operation of the Amherstburg Solar Park is expected to involve little or no disruption to the land and should not add pollutants to the soil or ground water, thereby minimizing its environmental impact. The Corporation intends to complete inspections of the facility to monitor and mitigate any such risk, and to ensure that it is in compliance with its regulatory requirements.

To mitigate the risk of administrative sanctions and to minimize safety risks to employees and contractors, the Corporation works continuously with all employees and contractors to ensure the development and implementation of a progressive, proactive safety culture within all operations. The Corporation has safety committees operating within each operating unit to ensure existing safety programs are continuously improved.

Availability of Financing

In recent years, global financial market events have experienced volatility which has negatively impacted the liquidity of these markets and overall global economic activity. There can be no assurance that debt or equity financing, will be available or, together with internally-generated funds, will be sufficient to meet or satisfy the Corporation's objectives or requirements or, if the foregoing are available to the Corporation, that they will be available on acceptable terms. The inability of the Corporation to access sufficient capital on acceptable terms could have a material adverse effect on the Corporation's business, prospects, dividend paying capability and financial condition and ability to pursue further enhancement opportunities or acquisitions.

Shareholder Dilution

The Corporation's constating documents permit the issuance of an unlimited number of Common Shares and a limited number of preferred shares issuable in series on such terms as the Directors determine without the approval of Shareholders, who have no pre-emptive rights in connection with such issuances. In addition, the Corporation is required to issue Common Shares upon the conversion of the 2016 Debentures in accordance with their terms and the Corporation may, in certain circumstances, determine to redeem outstanding 2016 Debentures for Common Shares or to repay outstanding principal or interest amounts thereunder by issuing additional Common Shares. Accordingly, holders of Common Shares may suffer dilution. Shareholders have no pre-emptive rights in connection with such further issues of Common Shares.

Volatile Market Price for Common Shares

A publicly-traded company will not necessarily trade at values determined by reference to the underlying value of its business. The prices at which the Common Shares will trade cannot be predicted. The market price for Common Shares may be subject to significant fluctuations in response to numerous factors, many of which are beyond the Corporation's control, including the following: actual or anticipated fluctuations in the Corporation's quarterly results of operations; recommendations by securities research analysts; changes in the economic performance or market valuations of other issuers that investors deem comparable to the Corporation; the return to Shareholders on Common Shares as compared to other financial instruments; addition or departure of the Corporation's executive officers and other key personnel; sales or perceived sales of additional Common Shares; significant acquisitions or business combinations, strategic partnerships, joint ventures or capital commitments by or involving the Corporation or its competitors; and news reports relating to trends, concerns, technological or competitive developments, regulatory changes and other related issues in the Corporation's industry or target markets.

In recent years, financial markets have experienced significant price and volume fluctuations that have particularly affected the market prices of equity securities of issuers and that have, in many cases, been unrelated or disproportionate to the operating performance, underlying asset values or prospects of such issuers. Accordingly, the market price of the Common Shares may decline even if the Corporation's operating results, underlying asset values or prospects have not changed. Additionally, these factors, as well as other related factors, may cause decreases in asset values that are deemed to be other than temporary, which may result in impairment losses. There can be no assurance that such fluctuations in price and volume will not occur. In periods of increased levels of volatility and market turmoil, the Corporation's operations could be adversely impacted and the trading price of the Common Shares may be adversely affected.

Changes in Legislation and Administrative Policy

There can be no assurance that certain laws applicable to the Corporation and its subsidiaries, including income tax laws, will not be changed in a manner which could adversely affect the value of the Corporation. In addition, there can be no assurance that the administrative policies and assessing practices of the Canada Revenue Agency will not be changed in a manner which adversely affects the holders of Common Shares.

International Financial Reporting Standards

The Corporation will be required to report using IFRS for its interim and annual financial statements relating to fiscal years beginning on January 1, 2011. IFRS will have an impact on accounting, financial reporting and supporting information technology systems and processes. It may also have an impact on taxes, contractual commitments involving GAAP-based clauses (including debt covenants), employee compensation plans and performance metrics. Changing from Canadian GAAP to IFRS may materially affect the Corporation's reported financial position and other financial measures.

DIVIDENDS

Dividend Policy

The Board of Directors of the Corporation has established a dividend policy to pay a monthly dividend of $0.055 per Common Share (equivalent to $0.66 per year).

The Corporation's dividend policy is subject to the discretion of the Board of Directors of the Corporation and may vary depending on, among other things, the Corporation's cash flows, earnings, financial requirements, the satisfaction of solvency tests imposed by the BCBCA for the declaration of dividends and other relevant factors. See "Risk Factors".

Monthly Distributions

For each of the months ended January 31, 2008 through to and including December 31, 2009, the Fund distributed $0.08750 per Unit. For each of the months ended January 31, 2010 through to and including December 31, 2010, the Fund distributed $0.0550 per Unit. For each of the months ended January 31, 2011 through to and including February 28, 2011, the Corporation distributed dividends of $0.0550 per Common Share. See "– Dividend Policy". Holders of Class B Exchangeable Units have received distributions from LTC Holding LP equivalent to amounts paid in respect of Units or Common Shares, as applicable. See "Description of the Corporation – Class B Exchangeable Units and Exchange Agreement". The Corporation is currently dependent on the operations of the Power Infrastructure Facilities to generate cash flow to fund the payment of dividends. In turn, the earnings and cash flows of the Power Infrastructure Facilities are affected by certain risks described elsewhere in this Annual Information Form (see "Risk Factors").

MARKET FOR SECURITIES

Common Shares

The Common Shares have been listed and posted for trading on the Toronto Stock Exchange since January 11, 2011 under the symbol "MPT". On January 1, 2011, pursuant to the Arrangement, all the Fund's Units were exchanged for Common Shares that, on January 11, 2011, commenced trading and the Units were delisted. Prior to such date, the Units were listed and posted for trading on the Toronto Stock Exchange under the symbol "MPT.UN".

The following table sets forth the high and low sales prices per outstanding Unit and Common Share and trading volumes for the outstanding Units and Common Shares on the Toronto Stock Exchange for the periods indicated:

	Price Per Unit / Common Share		Trading Volume
	High	Low	
2010			
January	6.94	6.09	2,032,573
February	7.26	6.12	2,181,045
March	7.34	6.76	2,026,569
April	7.30	7.01	1,097,735
May	7.17	4.50	1,832,924
June	7.12	6.46	1,067,658
July	7.12	6.73	803,813
August	7.30	6.81	1,228,257
September	7.35	6.98	1,303,385
October	7.70	7.14	1,744,687
November	8.03	7.48	2,064,848
December	8.39	7.71	2,029,152
2011			
January*	8.80	8.07	2,233,371
February	8.67	7.93	2,574,505
March (to March 24)	8.13	7.50	2,496,035

*Prior to January 11, 2011, the Units were listed and posted for trading on the Toronto Stock Exchange and after such date the Common Shares were listed and posted for trading on the Toronto Stock Exchange.

Debentures

CPIF Debentures

The outstanding CPIF Debentures were redeemed in full on January 11, 2010, as described under the heading "General Development of the Business". The CPIF Debentures were traded on the Toronto Stock Exchange under the symbol "MPT.DB".

2016 Debentures

On January 1, 2011, pursuant to the Arrangement, 2016 Debentures became obligations of the Corporation. The 2016 Debentures are, and have been, listed and posted for trading on the Toronto Stock Exchange under the symbol "MPT. DB.A".

The following table sets forth the high and low sales prices per outstanding 2016 Debenture and trading volumes for the outstanding 2016 Debentures on the Toronto Stock Exchange for the periods indicated:

	Price Per Debenture		Trading Volume
	High	Low	
2010			
January	104.00	100.80	50,980
February	105.10	103.00	31,410
March	105.50	104.00	24,670
April	106.50	103.25	20,150
May	104.50	100.00	17,420
June	104.25	102.50	26,230
July	106.45	103.26	15,480

August	106.50	104.50	8,130
September	111.59	104.25	16,210
October	111.00	105.00	13,120
November	114.00	107.01	38,810
December	116.03	109.27	20,650
2011			
January*	120.50	115.00	60,250
February	123.00	113.56	52,110
March (to March 24)	115.95	108.50	7,040

*Prior to January 1, 2011, the 2016 Debentures were obligations of the Fund and after such date the 2016 Debentures were obligations of the Corporation.

TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar for the Common Shares is Computershare Investor Services Inc. and the register for the Common Shares is located at its office in Montréal, Québec.

The transfer agent and registrar for the 2016 Debentures is Computershare Trust Company of Canada and the register for the 2016 Debentures is located at its office in Toronto, Ontario.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

To the knowledge of the Corporation, except as otherwise disclosed elsewhere in this Annual Information Form, no Director or director or executive officer of the Manager, no person or company that is the direct or indirect beneficial owner of, or who exercises control or direction over, more than 10% of the outstanding Common Shares, and no associate or affiliate of any of the foregoing persons or companies, has or has had any material interest, direct or indirect, in any transaction within the three most recently completed financial years of the Corporation, or during 2011 (up to March 24, 2011) that has materially affected or is reasonably expected to materially affect the Corporation.

INTEREST OF EXPERTS

The Corporation’s auditors are PricewaterhouseCoopers LLP, Chartered Accountants, who have prepared an independent auditors’ report dated March 10, 2010, in respect of the Corporation’s consolidated financial statements with accompanying notes as at and for the year ended December 31, 2010. PricewaterhouseCoopers LLP has advised that they are independent with respect to the Corporation within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of Ontario.

Blake, Cassels & Graydon LLP is named as having prepared an opinion described or included in continuous disclosure filings made by the Corporation during, or relating to, the Corporation's most recently completed financial year. As at the date of such opinion, and as at the date hereof, the “designated professionals” of Blake, Cassels & Graydon LLP, as a group, beneficially owned, directly or indirectly, less than 1% of any outstanding class of securities of the Corporation.

LEGAL PROCEEDINGS

To the knowledge of the Corporation, except as may be described elsewhere in this Annual Information Form, there are no material legal proceedings to which the Corporation is a party or to which its property is subject and no such proceedings are contemplated.

MATERIAL CONTRACTS

Except for certain contracts entered into in the ordinary course business of the Corporation and its subsidiaries, the following are the only contracts entered into by the Corporation or its subsidiaries on or after January 1, 2010 (or prior to January 1, 2010 if still in effect) that are material to the Corporation:

(a) the Administration Agreement (described under “Management of the Corporation – Administration Agreement”);
(b) the ASP Credit Agreement (described under “Narrative Description of the Business – Power Infrastructure – Amherstburg Solar Park – ASP Credit Agreement and ASP Equity Contribution Agreement”);
(c) the ASP EPC Agreement (described under “Narrative Description of the Business – Power Infrastructure – Amherstburg Solar Park – ASP EPC Agreement”);
(d) the ASP Equity Contribution Agreement (described under “Narrative Description of the Business – Power Infrastructure – Amherstburg Solar Park – ASP Credit Agreement and ASP Equity Contribution Agreement”);
(e) the ASP Management Agreement (described under “Management of the Corporation – ASP Management Agreement”);
(f) the ASP Performance Guarantee (described under “Narrative Description of the Business – Power Infrastructure – Amherstburg Solar Park – ASP Performance Guarantee”);
(g) the ASP Purchase Agreement (described under “Narrative Description of the Business – Power Infrastructure – Amherstburg Solar Park – ASP Purchase Agreement”);
(h) the Cardinal LP Management Agreement (described under “Management of the Corporation – Cardinal LP Management Agreement”);
(i) the Debenture Indenture (described under “Description of the Corporation – 2016 Debentures”);
(j) the DH Subscription Agreement (described in the material change report of the Fund dated December 12, 2010 and under “General Development of the Business”);
(k) the Erie Shores Credit Agreement (described under “Narrative Description of the Business – Power Infrastructure – Erie Shores Wind Farm – Erie Shores Credit Agreement”);
(l) the Exchange Agreement (described under “Description of the Corporation – Class B Exchangeable Units and Exchange Agreement”);
(m) the First Supplemental Debenture Indenture (described under “Description of the Corporation – 2016 Debentures);
(n) the Issuer Credit Agreement (described below);
(o) the Leisureworld Acquisition Agreement (described under “General Development of the Business”);
(p) the Internalization Agreement (described under “General Development of the Business”); and
(q) the MPC Management Agreement (described under “Management of the Corporation – MPC Management Agreement”).

A general description of the Issuer Credit Agreement is set out below. This description is a summary only of certain provisions of such agreement, which summary does not purport to be complete and is subject to and qualified in its entirety by the full text of the applicable agreements. Reference should be made to such agreement for the full text of its provisions. A general description of the other material contracts listed above can be found elsewhere in this Annual Information Form.

Copies of all material contracts listed above have been filed with the securities regulatory authorities in each of the provinces and territories of Canada and can be obtained on the Internet by accessing SEDAR at www.sedar.com.

Issuer Credit Agreement

MPC (as assignee of CPOT) and Cardinal LP, as borrowers (collectively, the “Issuer Credit Facility Borrowers”), MPC (as assignee of MPIIT), CPOT Title Corp., MPT Hydro LP, Cardinal GP, Whitecourt Power Limited Partnership, and Whitecourt Power Ltd., as guarantors (collectively, the “Issuer Credit Facility Guarantors”, and together with the Issuer Credit Facility Borrowers, the “Restricted Group Members”), the lenders that are parties thereto from time to time, TD Securities Inc., as sole lead arranger and sole bookrunner, and a Canadian chartered bank, as administration agent (the "Issuer Credit Facility Agent"), are parties to the Issuer Credit Agreement. All of the equity interests of each of the Restricted Group Members are owned directly or indirectly by the Corporation.

The maturity date of the Issuer Credit Facility is June 29, 2012. The Issuer Credit Facility consists of (i) a revolving facility in the amount of $40,625,000, which includes a swing line facility in the amount of $5,000,000 (the "Issuer Revolving Facility") and (ii) a non-revolving term facility in the amount of $141,875,000 (the "Issuer Term Facility"). So long as the letter of credit in the amount of $38 million issued under the Issuer Credit Facility in respect of the ASP Equity Commitment is outstanding, the available amount of the Issuer Term Facility is reduced by the maximum contingent amount of MPC's exposure under the Erie Shores MPC Guarantee. If the foregoing letter of credit is no longer outstanding, the available amount of the Issuer Term Facility is no longer so reduced, however the Issuer Revolving Facility is then reduced by the maximum contingent amount of MPC's exposure under the Erie Shores MPC Guarantee.

Borrowings under the Issuer Credit Facility are available by way of floating rate loans and/or bankers' acceptances bearing interest as calculated under the Issuer Credit Agreement. Borrowings under the Issuer Revolving Facility may also be made by way of the issuance of standby instruments. The Issuer Credit Facility Borrowers are required to pay a standby instrument fee and a fronting fee in respect of each standby instrument issued at a rate per annum equal to an applicable margin calculated on the maximum amount payable under such standby instrument.

The proceeds of the Issuer Credit Facility may be used to (i) finance the working capital requirements of the Issuer Credit Facility Borrowers and the other Restricted Group Members arising in the ordinary course of their operations, (ii) repay the existing debt owing by MPC in connection with the Wawatay PPA, (iii) refinance the outstanding indebtedness under the Prior Facilities, (iv) finance certain permitted acquisitions, and (v) finance other general corporate purposes of the Restricted Group Members, including certain permitted distributions (up to $10 million).

The Issuer Credit Facility is secured by, among other things, (i) unconditional and unlimited guarantees from each of the Issuer Credit Facility Guarantors, (ii) a first ranking security interest over all present and future business, operations, undertaking, property and assets (including both real and personal property) of each Restricted Group Member, (iii) first ranking specific assignments of certain material agreements by Cardinal LP, Cardinal GP and MPC (as assignee of MPIIT), (iv) first ranking securities pledge agreements made by each Restricted Group Member in favour of the Issuer Credit Facility Agent of all equity and debt of each Restricted Group Member and other direct subsidiaries owned by them, (v) various subordination agreements, including from the Corporation, (vi) first ranking assignments by each Restricted Group Member in favour of the Issuer Credit Facility Agent of all policies of insurance of the Restricted Group Members and all proceeds thereunder, and (vii) first ranking securities pledge agreement (and limited recourse guarantee) made by the Corporation in favour of the Issuer Credit Facility Agent of all equity and debt of each Restricted Group Member owned by it.

Pursuant to the Credit Agreement, the Restricted Group Members are subject to certain affirmative covenants, negative covenants, financial covenants, and reporting obligations. Affirmative covenants include, without limitation, maintenance of corporate structure and existence, compliance with laws, compliance with contracts, prompt notice of the occurrence of certain events, maintenance of the business, operations, undertaking, property and assets (both real and personal) of each Restricted Group Member, maintenance of liens, maintenance of insurance, maintenance of bank accounts, payment of taxes and claims, payment of money and taxes due and payable, and proper use of the proceeds of the Issuer Credit Facility. Negative covenants include, without limitation, restrictions (subject in each case to exceptions) on the incurrence of indebtedness, the sale of assets, the disposal of subsidiaries, the creation of liens or the granting of negative pledges, the entering into of any merger or similar transaction with any person, the making of distributions, corporate changes, amendments to material agreements, the acquisition of subsidiaries and the entering into of transactions with affiliates. Financial covenants include a ratio of consolidated total debt to consolidated EBITDA of no greater than 4:00:1 for each Test Period (as defined below) ending before June 30, 2011 and no greater than 3.50:1 for each Test Period ending on or after June 30, 2011. In addition, the ratio of consolidated EBITDA to consolidated interest expense may not be less than 3.00:1 for each Test Period ending before June 30, 2011, and may not be less than 3.50:1 for each Test Period ending on or after

June 30, 2011. The foregoing ratios will be calculated on a rolling four quarter basis, based on the most recently completed period of four consecutive fiscal quarters most recently ended (the “Test Period”).

The Issuer Credit Facility is subject to certain events of default (including without limitation a change of control of the Corporation).

ADDITIONAL INFORMATION

Additional information, including Directors’ and officers’ remuneration and indebtedness, will be contained in the Corporation’s management information circular. Additional financial information is provided in the Corporation’s 2010 Annual Report, which contains the Fund’s audited annual consolidated financial statements and management’s discussion and analysis as at and for the year ended December 31, 2010. Such documentation, along with the information incorporated herein by reference as well as additional information relating to the Corporation may be found on SEDAR at www.sedar.com.

GLOSSARY

In this Annual Information Form, unless the context otherwise requires:

"2016 Debenture Conversion Price" means the conversion price for the 2016 Debentures of $7.00 per Common Share, being a ratio of 142.8571 Common Shares per $1,000 principal amount of 2016 Debentures.

"2016 Debenture Interest Payment Date" means June 30 and December 31 of each year (or the immediately following business day if such date would not otherwise be a business day).

"2016 Debenture Maturity Date" means the date on which the 2016 Debentures mature, being December 31, 2016.

"2016 Debenture" means the 6.50% convertible unsecured subordinated debentures of the Corporation, due December 31, 2016, as described under the heading "Description of the Corporation – 2016 Debentures".

"Administration Agreement" means the agreement dated as of April 30, 2004, as amended as of October 18, 2005 and amended and restated as of January 1, 2011, between the Corporation (as successor to each of the Fund and MPIIT) and the Manager, pursuant to which the Manager provides certain administrative services to the Corporation.

"Arrangement" means the plan of arrangement under the BCBCA pursuant to which the former Unitholders became Shareholders and the Corporation became the sole owner of all of the issued and outstanding Units.

"ASP" or **"Amherstburg Solar Park"** means a 20 MW solar photovoltaic power project presently under construction in Amherstburg, Ontario.

"ASP Contract Price" means the price for the Amherstburg Solar Park under the ASP EPC Agreement.

"ASP Credit Agreement" means the credit agreement dated as of June 23, 2010 between, among others, ASP Partnership and the ASP Lenders pursuant to which the Amherstburg Solar Park will be primarily funded.

"ASP EPC Agreement" means the fixed-price engineering, procurement and construction agreement dated as of June 23, 2010 between ASP Partnership and SunPower in respect of the Amherstburg Solar Park.

"ASP Equity Commitment" means approximately $47.8 million of aggregate equity to be contributed by MPC to the Amherstburg Solar Park pursuant to the ASP Equity Contribution Agreement, approximately $26 million of which remains to be contributed as of March 24, 2011.

"ASP Equity Contribution Agreement" means the equity contribution agreement dated as of June 23, 2010 between, among others, MPC (as successor to MPIIT), ASP Partnership, ASP GP, MPT Solar Power #1 Ltd., MPT Solar Power #2 Ltd. and Dexia Credit Local S.A. (acting through its New York Branch), as administrative agent on behalf of the ASP Lenders.

"ASP GP" means Helios Solar Star A-1 Ltd., the managing general partner of ASP Partnership.

"ASP Lenders" means Dexia Crédit Local S.A. (acting though its Canada Branch), WestLB AG (New York Branch) and Caixanova (Miami Branch).

"ASP Management Agreement" means the management agreement dated as of June 23, 2010, as amended and restated as of January 1, 2011, among the Corporation (as successor to the Fund), ASP Partnership and the Manager.

"ASP O&M Agreement" means operations and maintenance agreement dated as of June 23, 2010 between ASP Partnership and SunPower in respect of the Amherstburg Solar Park.

"ASP Partnership" means Helios Solar Star A-1 Partnership (previously named Helios Solar Star A-1, L.P. prior to amending its partnership agreement as at January 1, 2011 such that it became a general partnership).

"ASP Performance Guarantee" means a performance guarantee agreement pursuant to which SunPower has provided a two-year weather-adjusted performance guarantee for the Amherstburg Solar Park.

"ASP Purchase Agreement" means the purchase agreement dated as of June 23, 2010 between MPT Solar Power #2 Ltd., MPT Solar Power #2 Limited Partnership and SunPower in respect of the sale and purchase of the Amherstburg Solar Park.

"B.C." means the Province of British Columbia.

"Balancing Pool" means the Balancing Pool created under the EU Act and corresponding regulations.

"Barrette" means the Barrette-Chapais Mill owned by Barrette-Chapais Ltée.

"BC Hydro" means British Columbia Hydro and Power Authority.

"BCBCA" means the *Business Corporations Act* (British Columbia).

"Biomass Facilities" means the Chapais Facility and the Whitecourt Facility.

"business day" means any day that is not a Saturday, Sunday or civic or statutory holiday in the Province of Ontario.

"Cardinal Energy Savings Agreement" means the energy savings agreement dated to be effective as of September 3, 1992 between Casco and Cardinal LP.

"Cardinal Facility" means the 156 MW combined cogeneration plant fuelled by natural gas located in Cardinal, Ontario as well as the approximately 6.5 km long, 115 kV connection line owned by Cardinal LP, which connects the Cardinal Facility with the Hydro One transmission system.

"Cardinal Gas Mitigation Agreement" means the November 1, 1994 amendment to the Cardinal GPA, as amended January 31, 2009.

"Cardinal Gas Swap Agreement" means the gas swap agreement dated April 22, 2008 between Cardinal LP and Macquarie Bank Limited.

"Cardinal GP" means Cardinal Power Inc., the general partner of Cardinal LP.

"Cardinal GPA" means the gas purchase agreement made as of August 8, 1991 between Husky Oil Operations Ltd. and Cardinal LP and assigned by Husky Oil Operations Ltd. to Husky Marketing by an assignment and novation agreement dated as of December 15, 2001, as amended.

"Cardinal Lease" means the premises lease and facilities agreement dated to be effective as of September 3, 1992, entered into by Cardinal Investors, Inc., the then general partner of Cardinal LP, Casco, and National Trust Company (as trustee for Casco).

"Cardinal LP" means Cardinal Power of Canada, L.P., a limited partnership established under the laws of Delaware.

"Cardinal LP Management Agreement" means the management agreement dated as of April 30, 2004, as amended and restated as of January 1, 2011, among the Corporation (as successor to each of the Fund and MPIIT), Cardinal LP and the Manager.

"Cardinal PPA" means the PPA made on May 29, 1992 between Ontario Hydro (continued as OEFC) and Cardinal LP, as amended.

"Casco" means Canada Starch Operating Company Inc.

"Chantiers" means the Chantiers Chibougamau Mill owned by Les Chantiers de Chibougamau Ltée.

"Chapais Facility" means the 31 MW wood waste fired electricity-generating station located northwest of Québec City, Québec.

"Chapais O&M Agreement" means the agreement between Probyn Power and CHESEC dated March 1, 2001, pursuant to which the Chapais Facility is operated and managed.

"Chapais PPA" means the PPA dated March 30, 1992 between CHESEC (as successor owner of the Chapais Facility) and Hydro-Québec.

"CHEL" means Chapais Électrique Limitée, the general partner and one of the limited partners of CHESEC.

"CHEL Class B Shares" means the Class B preferred shares of CHEL.

"CHESEC" means the Chapais Énergie, société en commandite, a limited partnership.

"CHESEC Tranche A Senior Debt" means the aggregate outstanding principal amount of $6.3 million owed by CHESEC to CPOT Holdings Corp., which bears interest at a rate of 10.789% per annum, and is payable by monthly blended payments of principal and interest to fully repay the debt by the maturity date in December 2015.

"CHESEC Tranche B Senior Debt" means the aggregate outstanding principal amount of $3.6 million owed by CHESEC to CPOT Holdings Corp., which bears interest at a rate of 4.91% per annum, payable by semi-annual interest payments, with annual principal payments based on CHESEC's free cash flow and which matures in December 2015.

"Class B Exchangeable Units" means Class B exchangeable limited partnership units of LTC Holding LP.

“CO_2” means carbon dioxide.

“cogeneration” means the simultaneous production of electricity and thermal energy in the form of heat or steam from a single fuel source.

“Common Shares” means common shares in the capital of the Corporation.

“CPIF” means Clean Power Income Fund, an unincorporated, open-ended, limited purpose trust established under the laws of the Province of Ontario pursuant to a trust indenture made as of October 31, 2001 as amended and restated as of July 16, 2003, June 23, 2007 and June 26, 2007, and wound-up and terminated on January 1, 2011.

“CPIF Debentures” means the 6.75% convertible debentures of the Fund, redeemed in full on January 11, 2010, as described under the heading “General Development of the Business”.

“CPOT” means Clean Power Operating Trust, an unincorporated open-ended trust established under the laws of the Province of Ontario by a trust indenture made as of October 31, 2001, as amended and restated as of May 9, 2005 and as of June 26, 2007, and wound-up and terminated on January 1, 2011.

“Current Market Price” means the current market price of the Common Shares as calculated pursuant to the terms of the Supplemented Debenture Indenture.

“DCR” means the direct customer rate established by OEFC from time to time.

“DCR escalator” means the cumulative percentage increase in the DCR since a specified point in time.

“Debenture Indenture” means the indenture dated as of December 22, 2009 between the Fund and the Debenture Trustee, which indenture governed the 2016 Debentures until supplemented by the First Supplemental Indenture.

“Debenture Trustee” means Computershare Trust Company of Canada, as trustee of the 2016 Debentures.

“District Heating Business” means a portfolio of district heating operations centrally located in Sweden, as described under the heading “General Development of the Business”.

“DH HoldCo” means Sefyr Heat Luxembourg SÀRL.

“DH Subscription Agreement” means an agreement dated December 12, 2010 pursuant to which the Corporation (as to 33.33%) and MEIF II (as to 66.67%) have committed to contributing funds to DH HoldCo through a subscription for equity and shareholder loans.

“Director” or **“Directors”** means the directors of the Corporation or any one of them.

“Dryden Facility” means collectively the 1.25 MW Eagle River generating station, the 0.95 MW McKenzie Falls generating station and the 1.05 MW Wainwright generating station, each of which is located near Dryden, Ontario.

“Dryden PPA” means the PPA dated October 23, 1990 between MPC (as successor owner) and OEFC (as successor power purchaser to Ontario Hydro), as amended.

“EBITDA” means earnings before interest, taxes, depreciation, and amortization and certain other adjustments as described in the Issuer Credit Facility Agreement.

“Environmental, Health and Safety Laws” means: (a) federal, provincial, municipal, and local laws; (b) regulations, by-laws, common law, licences, permits, and other approvals; (c) government directions and orders; and (d) government guidelines and policies and other requirements governing or relating to, among other things: (i) air emissions; (ii) taking of water and discharges into water; (iii) the storage, handling, use, transportation, and distribution of dangerous goods and hazardous and residual material (such as chemicals); (iv) the prevention of releases of hazardous materials into the environment; (v) the prevention, presence, and remediation of hazardous materials in soil and ground water, both on and off site; and (vi) workers health and safety issues.

“Erie Shores Credit Agreement” means the credit agreement dated as of June 28, 2005, as amended as of January 1, 2011 among ESWFLP, Erie Shores Wind Farm General Partner Inc. (as successor to Erie Shores Wind Farm General Partner Trust), Sun Life, as agent for the lenders named therein, and the lenders named therein.

“Erie Shores MPC Guarantee” means the unsecured guarantee MPC (as assignee of CPOT) has provided to Sun Life in the amount of $10 million for the tranche C loan under the Erie Shores Credit Agreement.

“Erie Shores PPA” the Renewable Energy Supply Contract dated as of November 24, 2004 between ESWFLP and OEFC, as assigned by OEFC to the OPA on November 10, 2005.

"Erie Shores Wind Farm" means the 99 MW windpower facility, located near Port Burwell, Ontario, consisting of 66 wind turbines, each with 1.5 MW (nameplate) capacity.

"ESWFLP" means Erie Shores Wind Farm Limited Partnership, the owner of the Erie Shores Wind Farm.

"EU Act" means the *Electric Utilities Act* (Alberta).

"Exchange Agreement" means the exchange agreement dated October 18, 2005, as amended and restated as of January 1, 2011, among the Corporation (as assignee of the Fund and MPIIT), LTC Holding LP and the LSCLP Vendors.

"First Supplemental Debenture Indenture" means the supplemental indenture dated as of January 1, 2011, entered into between the Corporation and the Debenture Trustee, supplementing the Debenture Indenture.

"FIT" means feed-in tariff.

"Fund" means the Macquarie Power & Infrastructure Income Fund, an unincorporated open-ended limited purpose trust established under the laws of the Province of Ontario, which was wound-up and terminated on January 1, 2011.

"GAAP" means Generally Accepted Accounting Principles.

"GE" means General Electric Company.

"GE Canada" means General Electric Canada.

"GHG" means greenhouse gas.

"Hluey Lakes Facility" means the three MW waterpower generating station located in the Dease Lake area in north-western B.C.

"Hluey Lakes PPA" means the PPA between MPT Hydro LP (as successor owner of the Hluey Lakes Facility) and BC Hydro dated November 1, 1993, as amended, pursuant to which BC Hydro is obligated to purchase all energy required to meet the load demand of Dease Lake from the Hluey Lakes Facility until January 31, 2020, subject to other terms of the agreement.

"Husky Marketing" means Husky Energy Marketing Inc.

"Hydro One" means Hydro One Networks Inc.

"IESO" means the Independent Electricity System Operator in Ontario.

"IFRS" means International Financial Reporting Standards.

"Internalization Agreement" means the agreement dated March 14, 2011 between the Corporation, MPC, ASP Partnership and Cardinal LP and the Manager regarding internalization of all management and administrative functions currently provided to the Corporation and certain of its subsidiaries by the Manager.

"Internalization Transaction" means the internalization of all management and administrative functions currently provided to the Corporation and certain of its subsidiaries by the Manager, pursuant to, among other agreements, the Internalization Agreement.

"IPP" means an Independent Power Producer.

"Issuer Credit Agreement" means the amended and restated credit agreement dated January 1, 2011 (amending and restating the credit agreement dated May 19, 2009, as amended as of June 16, 2009, September 30, 2009 and June 23, 2010) between the Issuer Credit Facility Borrowers, as borrowers, the Issuer Credit Facility Guarantors, as guarantors, the lenders from time to time parties thereto, TD Securities Inc., as sole lead arranger and sole bookrunner, and the Issuer Credit Facility Agent, as administration agent.

"Issuer Credit Facility" means collectively the Issuer Revolving Facility and the Issuer Term Facility.

"Issuer Credit Facility Agent" means a Canadian chartered bank, as administration agent under the Issuer Credit Agreement.

"Issuer Credit Facility Borrowers" means MPC and Cardinal LP, as borrowers under the Issuer Credit Agreement.

"Issuer Credit Facility Guarantors" means CPOT Title Corp., MPT Hydro LP, Cardinal GP, Whitecourt Power Limited Partnership and Whitecourt Power Ltd., as guarantors under the Issuer Credit Agreement.

"Issuer Revolving Facility" means the revolving facility under the Issuer Credit Agreement in the amount of $40,625,000, which includes a swing line facility in the amount of $5,000,000.

"Issuer Term Facility" means a non-revolving term facility under the Issuer Credit Agreement in the amount of $141,875,000.

"kilovolt" or **"kV"** means 1,000 volts.

"kWh" means an hour during which one kilowatt of electrical power has been continuously produced.

"Leisureworld Entities" means, collectively, LSCLP and its general partner.

"LSCC" means Leisureworld Senior Care Corporation.

"LSCLP" means Leisureworld Senior Care LP.

"LSCLP Vendors" means MSHL, LWC, and OLTCPI Inc. (formerly, Ontario Long Term Care Providers Inc.).

"LTC Holding LP" means MPT LTC Holding LP.

"LTC Holding LP Management Agreement" means the management agreement dated as of October 18, 2005 among the Fund, the Manager, LTC Holding LP and MPIIT, which was terminated effective March 31, 2010 following the indirect sale by LTC Holding LP of the Leisureworld senior care business in March 2010.

"LWC" means LECR Inc. (formerly, Leisureworld Creemore Inc.).

"Macquarie Affiliate" means Macquarie Bank Limited, Macquarie North America Ltd., Macquarie North America Holdings Ltd. or Macquarie Canada Holdings Ltd.

"Macquarie group" means MGL and all direct or indirect subsidiaries or affiliates of MGL, all funds (or similar vehicles) that any such subsidiary or affiliate of MGL manages and all direct and indirect subsidiaries of such funds (or similar vehicles).

"Management Agreements" means collectively, the Cardinal LP Management Agreement, the MPC Management Agreement and the ASP Management Agreement.

"Manager" means Macquarie Power Management Ltd.

"MEIF II" means Macquarie European Infrastructure Fund II, a private unlisted infrastructure fund managed by a subsidiary of MGL.

"MGL" means Macquarie Group Limited, an Australian public company listed on the Australian Securities Exchange.

"MIIF" means Macquarie International Infrastructure Fund, a publicly-listed infrastructure fund in Singapore managed by a subsidiary of MGL.

"Millar Western" means collectively, Millar Western Industries Ltd. and Millar Western Pulp Ltd.

"MLTCLP" means Macquarie Long Term Care LP.

"MMBtu" means one million British thermal units, a standard unit of measurement used to calculate the energy content of natural gas.

"MPC" means Macquarie Power Corp., a subsidiary of the Corporation.

"MPC Management Agreement" means the management agreement dated as of June 26, 2007, as amended and restated as of January 1, 2011, among the Corporation (as successor to the Fund), MPC (as successor to CPOT) and the Manager.

"MPIIT" means Macquarie Power & Infrastructure Income Trust an unincorporated, open-ended, limited purpose trust established under the laws of the Province of Ontario pursuant to a declaration of trust dated as of March 15, 2004, as amended and restated as of April 16, 2004, and wound-up and terminated on January 1, 2011.

"MSHL" means Markham Suites Hotel Limited (formerly, Leisureworld Inc.).

"MW" means 1,000 kilowatts.

"MWh" means an hour during which one MW of electrical power has been continuously produced.

"NI 52-110" means Canadian Securities Administrators' National Instrument 52-110 – *Audit Committees*.

“NOx” means oxides of nitrogen.

“NUG” means non-utility generators of electricity.

“OEFC” means Ontario Electricity Financial Corporation.

“OH&S” means occupational health and safety.

“On-peak Hours” means 7:00 a.m. to 11:00 p.m. local time at the Cardinal Facility, the Dryden Facility and the Wawatay Facility on weekdays, excluding public holidays.

“OPA” means the Ontario Power Authority.

“OPG” means Ontario Power Generation.

“Pic River FN” means the Ojibways of the Pic River First Nation.

“Power Infrastructure Facilities” means collectively, the Biomass Facilities, the Cardinal Facility, the Erie Shores Wind Farm, the Waterpower Facilities and the Amherstburg Solar Park.

“Power Pool” means the power pool created by the EU Act, through which all electrical power must be traded in Albert, subject to certain exceptions.

“PPA” means purchase power agreement.

“Prior Facilities” means, collectively, the aggregate $150 million term and revolving facility provided to CPOT pursuant to a credit agreement dated June 27, 2007, as amended February 14, 2008, as well as the $15 million revolving credit facility and $35 million non-revolving term facility provided to Cardinal LP pursuant to a credit agreement dated May 16, 2006.

“Probyn Power” means Probyn Power Services Inc.

“Regional Power” means Regional Power Inc. and, unless the context otherwise requires, includes its predecessor corporations and certain of the predecessors in title to the Waterpower Facilities and Regional Power Opco Inc.

“RESOP” means the Province of Ontario’s Renewable Energy Standard Offer Program.

“RESOP Contracts” means two 20-year contracts with the OPA pursuant to which electricity generated by the Amherstburg Solar Park will be sold under the Province of Ontario’s Renewable Energy Standard Offer Program.

“Restricted Group Members” means with respect to the Issuer Credit Agreement, collectively, the Issuer Credit Facility Guarantors and the Issuer Credit Facility Borrowers.

“SCADA” means Supervisory Control and Data Acquisition.

“Sechelt Facility” means the 16 MW waterpower generating station located near Sechelt, B.C., approximately 70 kilometres northwest of Vancouver.

“Sechelt PPA” means the PPA dated August 31, 1990, in respect of the sale of power from the Sechelt Facility to BC Hydro, as amended.

“SEDAR” means the Canadian Securities Administrators’ System for Electronic Document Analysis and Review.

“Shareholder” means a holder of Common Shares.

“SPRDA” means the *Small Power Research and Development Act* (Alberta).

“Sun Life” means Sun Life Assurance Company of Canada.

“Sunpower” means, collectively, SunPower Corporation and its subsidiaries.

“Supplemented Debenture Indenture” means the Debenture Indenture, as supplemented by the First Supplemental Debenture Indenture.

“TCPL” means TransCanada Pipelines Limited.

“TransAlta” means TransAlta Utilities Corp.

“Trustee” or **“Trustees”** means the trustees of the Fund or any one of them.

“Unit” means a trust unit of the Fund.

"Unitholder" means a holder of Units.

"U.S." means the United States of America.

"Waterpower Facilities" means the Dryden Facility, the Hluey Lakes Facility, the Sechelt Facility and the Wawatay Facility.

"Waterpower O&M Agreement" means the agreement between Regional Power and MPT Hydro LP (as assignee of CPOT) dated November 14, 2001, pursuant to which Regional Power provides operations, maintenance and management services in respect of the Waterpower Facilities.

"Wawatay Amortization Period" means the first 20 years of the Wawatay PPA.

"Wawatay Facility" means the 13.5 MW waterpower generating station located on the Black River near Marathon, Ontario.

"Wawatay Guaranteed Payment" means with respect to the Wawatay Facility, a yearly amount (paid in monthly instalments) necessary to fully amortize and pay the Wawatay Loan over the Wawatay Amortization Period.

"Wawatay Loan" means the $20 million original aggregate principal amount term loan by the Corporation (as successor lender) to MPC (as successor borrower) secured by the Wawatay Facility which matures in July 2012 and bears an interest rate of 9.80% calculated and payable monthly.

"Wawatay Performance Payment" means with respect to the Wawatay Facility, a monthly payment based upon the actual generation of power up to 120% of target generation, multiplied by the performance rate as set out in the Wawatay PPA.

"Wawatay PPA" means the PPA dated April 1, 1992 between MPT Hydro LP (as successor owner of the Wawatay Facility) and OEFC (as successor power purchaser to Ontario Hydro), as amended.

"Whitecourt Facility" means the 28 MW (gross capacity) wood waste fired electricity generating station located near Whitecourt, Alberta.

"Whitecourt PPA" means the PPA dated November 6, 1990 between Whitecourt Power Limited Partnership (as successor owner of the Whitecourt Facility) and TransAlta.

"WPPI" means the Wind Power Production Incentive, a Canadian federal government program providing incentive payments to producers of wind energy.

SCHEDULE “A”

MACQUARIE POWER AND INFRASTRUCTURE CORPORATION

AUDIT COMMITTEE CHARTER

The term “Corporation” herein shall refer to Macquarie Power and Infrastructure Corporation and the term “Board” shall refer to the Board of Directors of the Corporation. “Macquarie Power and Infrastructure Group” means, collectively, the Corporation, each subsidiary entity of the Corporation (a “Subsidiary”) and Macquarie Power Management Ltd. (the “Manager”). The term “Management” herein shall refer to senior management of the Corporation and the Manager.

PURPOSE

The Audit Committee (the “Committee”) is a standing committee appointed by the Board to assist the Board in fulfilling its oversight responsibilities with respect to financial reporting including responsibility to:

i) oversee the work of the Corporation’s external auditors engaged for the purpose of preparing or issuing an auditor’s report or performing other audit, review or attest services for the Corporation;

ii) oversee the integrity of the Corporation’s financial statements and financial reporting process, including the audit process and the Corporation’s internal accounting controls and procedures and compliance with related legal and regulatory requirements;

iii) oversee the qualifications and independence of the external auditors;

iv) oversee the work of the Corporation’s financial management and external auditors in these areas; and

v) provide an open avenue of communication between the external auditors, the Board and Macquarie Power and Infrastructure Group, including the Board of Directors of the Corporation and Management, thus enabling information and points of view to be freely exchanged.

In addition, the Committee will review and/or approve any other matter specifically delegated to the Committee by the Board.

The function of the Committee is oversight. It is not the duty or responsibility of the Committee or its members (i) to plan or conduct audits, (ii) to determine that the Corporation’s financial statements are complete and accurate and are in accordance with generally accepted accounting principles or (iii) to conduct other types of auditing or accounting reviews or similar procedures or investigations. The Committee and its Chair are members of the Board, appointed to the Committee to provide broad oversight of the financial, risk and control related activities of the Corporation and are specifically not accountable or responsible for the day to day operation or performance of such activities.

Management is responsible for the preparation, presentation and integrity of the Corporation’s financial statements. Management is also responsible for maintaining appropriate accounting and financial reporting principles and policies and systems of risk assessment and internal controls and procedures designed to provide reasonable assurance that assets are safeguarded and transactions are properly authorized, recorded and reported and to assure the effectiveness and efficiency of operations, the reliability of financial reporting and compliance with accounting standards and applicable laws and regulations. The external auditors are responsible for planning and carrying out an audit of the Corporation’s annual financial statements in accordance with generally accepted auditing standards to provide reasonable assurance that, among other things, such financial statements are in accordance with generally accepted accounting principles.

PROCEDURES, POWERS AND DUTIES

In addition to the procedures and powers set out in the resolution of the Board establishing this Committee, the Committee shall have the following procedures, powers and duties:

2. General

(a) *Composition* - The Committee shall be composed of a minimum of three members. Each member of the Committee shall be an "independent" director (as that term is defined from time to time under the requirements or guidelines for audit committee service under securities laws and the rules of any stock exchange on which the Corporation's securities are listed for trading or if it is not so defined as that term is interpreted by the Board in its business judgement) and none of the members shall have participated in the preparation of the financial statements of the Corporation at any time over the past three years; provided that the fact that a director is also a director of one or more Subsidiaries will not disqualify the director from being a member of the Committee so long as the director would otherwise be eligible to be a member of the Committee.

All members of the Committee must be "financially literate" (as that term is defined from time to time under the requirements or guidelines for audit committee service under securities laws and the rules of any stock exchange on which the Corporation's securities are listed for trading or if it is not so defined as that term is interpreted by the Board in its business judgement) or must become financially literate within a reasonable period of time after their appointment to the Committee.

(b) *Appointment and Replacement of Committee Members* - Any member of the Committee may be removed or replaced at any time by the Board and shall automatically cease to be a member of the Committee upon ceasing to be a director. The Board may fill vacancies on the Committee by appointing another director to the Committee. The Board shall fill any vacancy if the membership of the Committee is less than three directors. Whenever there is a vacancy on a Committee, the remaining members may exercise all its power as long as a quorum remains in office. Subject to the foregoing, the members of the Committee shall be appointed by the Board annually and each member of the Committee shall remain on the Committee until the next annual meeting of shareholders after his or her appointment or until his or her successor shall be duly appointed and qualified.

(c) *Committee Chair* - The Chair of the Committee shall be designated by the full Board. The Chair of the Committee shall be responsible for leadership of the Committee, including preparing the agenda, presiding over the meetings, making committee assignments and reporting to the Board.

(d) *Conflicts of Interest* - If a Committee member faces a potential or actual conflict of interest relating to a matter before the Committee, that member shall be responsible for alerting the Committee Chair. If the Committee Chair faces a potential or actual conflict of interest, the Committee Chair shall advise the Chair of the Board. If the Committee Chair, or the Chair of the Board, as the case may be, concurs that a potential or actual conflict of interest exists, the member faced with such conflict shall disclose to the Committee the member's interest and shall not participate in consideration of the matter and shall not vote on the matter.

(e) *Compensation of Committee Members* - The members of the Committee shall be entitled to receive such remuneration for acting as members of the Committee as the Board may from time to time determine. No member of the Committee shall receive from the Corporation any compensation other than the fees to which he or she is entitled as a director, a member of a committee of the Board, a member of the Board of Directors of a Subsidiary or a committee thereof.

(f) *Separate Executive Meetings* - The Committee shall meet periodically with the Chief Financial Officer, the head of the internal audit function (if other than the Chief Financial Officer) and the external auditors in separate executive sessions to discuss any matters that the Committee or each of these groups believes should be discussed privately and such persons shall have access to the Committee to bring forward matters requiring its attention. However, the Committee shall also meet periodically without Management present.

(g) *Meetings of the Committee* -

Procedures for Meetings - Subject to any applicable statutory or regulatory requirements and the Articles of the Corporation, the time at which and place where the meetings of a Committee shall be held and the calling of Committee meetings and the procedure in all things at such meetings shall be determined by the Committee.

Calling of Meetings - The Committee shall meet as often as it deems appropriate to discharge its responsibilities. Notice of the time and place of every meeting shall be given in writing, by any means of transmitted or recorded communication, including facsimile, telex, telegram or other electronic means that produces a written copy, to each member of a Committee at least 24 hours prior to the time fixed for such meeting. However, a member may in any manner waive a notice of a meeting. Attendance of a member at a meeting constitutes a waiver of notice of the meeting, except where a member attends a meeting for the express purpose of objecting to the transaction of any business on the grounds that the meeting is not lawfully called. Whenever practicable, the agenda for the meeting and the meeting materials shall be provided to members before each Committee meeting in sufficient time to provide adequate opportunity for their review.

Quorum - A majority of members constitute a quorum for the transaction of Committee business.

Chair of Meetings - If the Chair of a Committee is not present at any meeting of the Committee, one of the other members of the Committee who is present shall be chosen by the Committee to preside at the meeting.

Secretary of Meeting - The Chair of the Committee shall designate a person who need not be a member of the Committee to act as secretary or, if the Chair of the Committee fails to designate such a person, the Corporate Secretary of the Manager shall be secretary of the Committee. The agenda of each Committee meeting will be prepared by the secretary of the Committee and, whenever reasonably practicable, circulated to each member prior to each meeting.

Minutes - The secretary of the Committee shall prepare and maintain minutes of the proceedings of the Committee. Minutes shall be kept in minute books provided for that purpose. The minutes of Committee meetings shall accurately record the discussions of and decisions made by the Committee, including all recommendations to be made by the Committee to the Board and shall be distributed to all Committee members.

(h) *Professional Assistance* - The Committee may require the external auditors and internal auditors to perform such supplemental reviews or audits as the Committee may deem desirable. In addition, the Committee may retain such special legal, accounting, financial or other consultants as the Committee may reasonably determine to be necessary to carry out the Committee's duties at the Corporation's expense in accordance with the procedures for retaining professional advisors as set out in the Corporation's Corporate Governance Guidelines.

(i) *Reliance* - Absent actual knowledge to the contrary (which shall be promptly reported to the Board), each member of the Committee shall be entitled to rely on (i) the integrity of those persons or organizations within and outside Macquarie Power and Infrastructure Group from which it receives information, (ii) the accuracy of the financial and other information provided to the Committee by such persons or organizations and (iii) representations made by Management and the external auditors as to any information technology, internal audit and other non-audit services provided by the external auditors to the Corporation and Macquarie Power and Infrastructure Group.

(j) *Reporting to the Board* - The Committee will report through the Committee Chair to the Board following meetings of the Committee on matters considered by the Committee, its activities and compliance with this Charter.

(k) *Powers of the Committee* -

Access - The Committee is entitled to full access to all books, records, facilities, and personnel of the Corporation and Macquarie Power and Infrastructure Group, as related to the investment activities and affairs of the Corporation. The Committee may require such officers, directors and employees of the Corporation and Macquarie Power and Infrastructure Group and others as it may see fit from time to time to provide any information about the Corporation and Macquarie Power and Infrastructure Group it may deem appropriate and to attend and assist at meetings of the Committee.

Delegation - The Committee may delegate from time to time to any person or committee of persons any of the Committee's responsibilities that lawfully may be delegated.

Adoption of Policies and Procedures - The Committee may adopt policies and procedures for carrying out its responsibilities.

AUDIT RESPONSIBILITIES OF THE COMMITTEE

Selection and Oversight of the External Auditors and Independence Requirements

3. The external auditors are ultimately accountable to the Committee and the Board as the representatives of the shareholders of the Corporation and shall report directly to the Committee and the Committee shall so instruct the external auditors. The Committee shall evaluate the performance of the external auditors and make recommendations to the Board on the reappointment or appointment of the external auditors of the Corporation to be proposed in the Corporation's proxy circular for shareholder approval and shall have authority to terminate the external auditors. If a change in external auditors is proposed, the Committee shall review the reasons for the change and any other significant issues related to the change, including the response of the incumbent auditors, and enquire on the qualifications of the proposed auditors before making its recommendation to the Board. The Board is responsible for selecting the external auditor to be proposed in the Corporation's proxy circular for shareholder approval and appointment.

4. The Committee shall approve in advance the terms of engagement and the compensation to be paid by the Corporation to the external auditors with respect to the conduct of the annual audit.

5. The Committee shall review the independence of the external auditors and shall make recommendations to the Board on appropriate actions to be taken which the Committee deems necessary to protect and enhance the independence of the external auditors. In connection with such review, the Committee shall:

   (a) actively engage in a dialogue with the external auditors about all relationships or services that may impact the objectivity and independence of the external auditors;

   (b) require that the external auditors submit to it on a periodic basis, and at least annually, a formal written statement delineating all relationships between the Corporation and Macquarie Power and Infrastructure Group, on the one hand, and the external auditors and their affiliates on the other hand, and that it has remained independent for the full-year;

   (c) require that (i) both the lead audit partner and the partner responsible for performing a second review respecting the audit be rotated at least every seven years and be subject to a five year time out and (ii) all other partners on the audit engagement team who provide more than 10 hours of audit, review or attest services with respect to the Corporation's consolidated financial statements or who serve as the lead partner in connection with any audit or review related to financial statements of a subsidiary whose assets or revenues constitute at least 20% of the consolidated assets or revenues of the Corporation be rotated at least every seven years and be subject to a two year time out;

(d) require that the audit partners and any audit firm employee on the audit of the Macquarie Power and Infrastructure Group are prohibited from being an officer of the Macquarie Power and Infrastructure Group;

(e) require that immediate family members of an audit partner or any audit firm employee on the audit of the Macquarie Power and Infrastructure Group are prohibited from being a director or in a senior audit facing role at the Macquarie Power and Infrastructure Group until lapse of a "cooling off" period of at least five years and, after the five years "cooling off" period, can have no continuing financial relationship with the audit firm. The five year "cooling off" period is measured from the time that the former audit firm partner or employee ceases to be on the engagement team of the Macquarie Power and Infrastructure Group;

(f) require that the audit firm engagement team in any given year cannot include a person who had been a former officer of the Macquarie Power and Infrastructure Group during that year; and

(g) require that officers of the Macquarie Power and Infrastructure Group are prohibited from receiving any remuneration from the audit firm;

(h) require that members of the audit team and firm are prohibited from having a business relationship with the Macquarie Power and Infrastructure Group or any officer of the Macquarie Power and Infrastructure Group unless the relationship is clearly insignificant to both parties;

(i) require that the audit firm, its partners, its employees on the audit of the Macquarie Power and Infrastructure Group and the immediate family members are prohibited from having loans or guarantees with the Macquarie Power and Infrastructure Group;

(j) require that the audit firm is prohibited from having a financial interest in any entity with an controlling interest in the Macquarie Power and Infrastructure Group;

(k) consider whether there should be a regular rotation of the external audit firm itself; and

(l) consider the auditor independence standards promulgated by applicable auditing regulatory and professional bodies.

6. The Committee shall prohibit the external auditor and its subsidiaries from providing certain non-audit services to the Corporation. This is to ensure the auditor does not assume the role of management, become an advocate for their own client, or audit their own professional expertise. All non-audit services to be provided to the Corporation or any of its affiliates by the external auditors or any of their affiliates shall be subject to pre-approval by the Committee. The Committee may approve policies and procedures for the pre-approval of non-audit services to be rendered by the external auditors, which policies and procedures (i) shall include reasonable detail with respect to the services covered, (ii) shall require that the Committee be informed of each non-audit service and (iii) shall not include delegation of the Committee's responsibilities to Management.

7. The auditor will not normally provide the following services:

(a) bookkeeping or other services relating to the accounting records or financial statements of the Macquarie Power and Infrastructure Group;

(b) appraisal or valuation and fairness opinions;

(c) taxation planning and consulting services;

(d) financial information or information technology systems design and implementation;

(e) internal audit outsourcing services;

(f) management functions, including temporary staff assignments or human resource services, including recruitment of senior management;

(g) legal or litigation support services;

(h) broker or dealer, investment adviser or investment banking;

(i) acturarial services.

Under this policy, any fee arrangement between the Macquarie Power and Infrastructure Group and the auditor must not contain any contingent or success fees element.

8. The Committee shall establish and monitor clear policies for the hiring by Macquarie Power and Infrastructure Group of partners, employees and former partners and employees of the external auditors.

9. The Committee shall require the external auditors to provide to the Committee, and the Committee shall review and discuss with the external auditors, all reports which the external auditors are required to provide to the Committee or the Board under rules, policies or practices of professional or regulatory bodies applicable to the external auditors, and any other reports which the Committee may require. Such reports shall include:

(a) a description of the external auditors' internal quality-control procedures, any material issues raised by the most recent internal quality-control review, or peer review, of the external auditors, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the external auditors, and any steps taken to deal with any such issues; and

(b) a report describing (i) all critical accounting policies and practices used in the preparation of the Corporation's financial statements, (ii) all alternative treatments of financial information within generally accepted accounting principles related to material items that have been discussed with Management, ramifications of the use of such alternative disclosures and treatments, and the treatment preferred by the external auditors (iii) other material written communication between the external auditors and Management, such as any management letter or schedule of unadjusted differences; and (iv) disagreements between Management and/or the internal auditors and the external auditors regarding financial reporting.

10. The Committee is responsible for resolving disagreements between Management and the external auditors regarding financial reporting.

Oversight of Internal Audit Function

11. The Committee shall determine the appropriate internal audit function for the Corporation and oversee its processes, reports and the terms of compensation for any individuals engaged in such function, if any.

Oversight and Monitoring of Audits

12. The Committee shall review with the external auditors and Management the audit function generally, the objectives, staffing, locations, co-ordination, reliance upon Management, any internal audit and general audit approach and scope of proposed audits of the financial statements of the Corporation, the overall audit plans, the responsibilities of Management and the external auditors, the audit procedures to be used and the timing and estimated budgets of the audits.

13. The Committee shall meet periodically with the internal finance management staff to discuss the progress of their activities and any significant findings stemming from any internal audits and any difficulties or disputes that arise with Management and the adequacy of Management's responses in correcting audit-related deficiencies.

14. The Committee shall discuss with the external auditors any difficulties or disputes that arise with Management or any internal auditors during the course of the audit and the adequacy of Management's responses in correcting audit-related deficiencies.

15. The Committee shall review with Management the results and scope of any internal and all external audits.

16. The Committee shall take such other reasonable steps as it may deem necessary to satisfy itself that the audit was conducted in a manner consistent with all applicable legal requirements and auditing standards of applicable professional or regulatory bodies.

Oversight and Review of Accounting Principles and Practices

17. The Committee shall, as it deems necessary, oversee, review and discuss with Management, the external auditors and any internal auditors:

    (a) the quality, appropriateness and acceptability of the Corporation's accounting principles and practices used in its financial reporting, changes in the Corporation's accounting principles or practices and the application of particular accounting principles and disclosure practices by Management to new transactions or events;

    (b) all significant financial reporting issues and judgments made in connection with the preparation of the Corporation's financial statements, including the effects of alternative methods within generally accepted accounting principles on the financial statements and any "second opinions" sought by Management from an independent auditor with respect to the accounting treatment of a particular item;

    (c) disagreements between Management and the external auditors or any internal auditors regarding the application of any accounting principles or practices;

    (d) any material change to the Corporation's auditing and accounting principles and practices as recommended by Management, the external auditors or any internal auditors or which may result from proposed changes to applicable generally accepted accounting principles;

    (e) the effect of regulatory and accounting initiatives on the Corporation's financial statements and other financial disclosures;

    (f) any reserves, accruals, provisions, estimates or management programs and policies, including factors that affect asset and liability carrying values and the timing of revenue and expense recognition, that may have a material effect upon the financial statements of the Corporation;

    (g) the use of special purpose entities and the business purpose and economic effect of off-balance sheet transactions, arrangements, obligations, guarantees and other relationships of Macquarie Power and Infrastructure Group and their impact on the reported financial results of the Corporation;

    (h) any legal matter, claim or contingency that could have a significant impact on the financial statements, the Corporation's compliance policies and any material reports, inquiries or other correspondence received from regulators or governmental agencies and the manner in which any such legal matter, claim or contingency has been disclosed in the Corporation's financial statements;

    (i) the treatment for financial reporting purposes of any significant transactions which are not a normal part of the Corporation's operations;

    (j) the use of any "pro forma" or "adjusted" information not in accordance with generally accepted accounting principles; and

(k) Management's determination of goodwill impairment, if any, as required by applicable accounting standards.

18. The Committee will review and resolve disagreements between Management and the external auditors regarding financial reporting or the application of any accounting principles or practices.

Oversight and Monitoring of Internal Controls

19. The Committee shall, as it deems necessary, exercise oversight of, review and discuss with Management and the external auditors:

(a) the adequacy and effectiveness of the Corporation's internal accounting and financial controls (including accounting and operational risk management controls) based on recommendations of Management and the external auditors for the improvement of accounting practices and internal controls;

(b) any material weaknesses in the internal control environment, including with respect to computerized information system controls and security; and

(c) Management's compliance with the Corporation's processes, procedures and internal controls.

Communications with Others

20. The Committee shall establish and monitor procedures for the receipt and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or audit matters and the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters and review periodically with Management and senior finance officers of Macquarie Power and Infrastructure Group responsible for the internal audit function, these procedures and any significant complaints received.

Oversight and Monitoring of the Corporation's Financial Disclosures

21. The Committee shall:

(a) review with the external auditors and Management and recommend to the Board for approval the audited financial statements and the notes and Management's Discussion and Analysis accompanying such financial statements, the Corporation's annual report, the financial information of the Corporation contained in any prospectus or information circular or other disclosure documents or regulatory filings of the Corporation; and

(b) review with the external auditors and Management and approve each set of interim financial statements and the notes and Management's Discussion and Analysis accompanying such financial statements and any other disclosure documents or regulatory filings of the Corporation containing or accompanying financial information of the Corporation.

Such reviews shall be conducted prior to the release of any summary of the financial results or the filing of such reports with applicable regulators.

22. Prior to their distribution and filing, the Committee shall review and discuss earnings press releases. The Committee shall also review and discuss financial information and earnings guidance provided to analysts and ratings agencies prior to their distribution. The Chair of the Committee may perform the review function in respect of the earnings guidance provided to analysts and rating agencies, on behalf of the Committee, as is required. Such discussions may, in the discretion of the Committee, be done generally (i.e., by discussing the types of information to be disclosed and the type of presentation to be made) and the Committee need not discuss in advance each instance in which the Corporation gives earning guidance if it has reviewed and approved the Corporation's policies and procedures with respect to such matters.

23. The Committee shall meet with Management to review and assess the process and systems in place for the review of public disclosure documents that contain audited and unaudited financial information and their effectiveness.

24. As part of the process by which the Committee shall satisfy itself as to the reliability of public disclosure documents that contain audited and unaudited financial information, the Committee shall require each of the Chief Executive Officer and the Chief Financial Officer of the Manager to provide a certificate addressed to the Committee certifying in respect of each annual and quarterly report the matters such officers are required to certify in connection with the filing of such reports under applicable securities laws.

25. The Committee shall review the disclosure with respect to its pre-approval of audit and non-audit services provided by the external auditors.

Oversight of Finance Matters

26. The Committee shall receive and review:

    (a) periodic reports on compliance with requirements regarding statutory deductions and remittances, the nature and extent of any non-compliance together with the reasons therefor and Management's plan and timetable to correct any deficiencies;

    (b) material policies and practices of Macquarie Power and Infrastructure Group respecting cash management and material financing strategies or policies or proposed financing arrangements and objectives of Macquarie Power and Infrastructure Group; and

    (c) material tax policies and tax planning initiatives, tax payments and reporting and any pending tax audits or assessments.

27. The Committee shall meet periodically with Management to review and discuss the Corporation's major financial risk exposures and the policy steps Management has taken to monitor and control such exposures, including the use of financial derivatives and hedging activities.

28. The Committee shall meet periodically with the Corporate Secretary of the Manager to review issues arising out of compliance activities, as well as assess contingent legal and regulatory risks.

29. The Committee shall receive and review the financial statements and other financial information of members of Macquarie Power and Infrastructure Group and any auditor recommendations concerning such entities as they relate to the assets of the Corporation.

Committee Reporting

30. As required by applicable laws or regulations or stock exchange requirements, the Committee shall review and approve the information required to be reported to shareholders and others in its Annual Information Form, and for such purposes, each member of the Committee shall provide information respecting that member's education and experience that relate to his or her responsibilities as a Committee member.

Board, Committee and Breach Reporting

31. To assist the Committee in monitoring and reviewing (at least annually) the effectiveness of the operational risk management framework and compliance with key risk management policies, the Corporate Secretary will provide the following items to the Committee for its review:

    (a) Results of the Operational Risk Self Assessment ("ORSA") process via the ORSA matrix, including a summary of improvement actions completed and actions to be completed

    (b) A summary of policies and procedures established during the period

    (c) Results of due diligence carried out on external service providers, if any

(d) Current Business Continuity Plan for the operations

As necessary:

(e) Any significant changes to the ORSA matrix, including external factors to be considered (such as major regulatory or industry developments)

(f) Results of internal audit reviews or other independent reviews

(g) Any significant operational risk incidents relating to the Corporation, not already reported to the Board.

Additional Responsibilities

32. Each new member of the Committee shall receive such training as may be approved by the Chair of the Committee. Training should cover the requirements and obligations of audit committees, issues of accounting principles, auditing standards, risk management and ethical compliance. Each Committee member should attend refresher training annually.

33. The Committee should request and review a report from the Corporate Secretary of the Manager at least twice each year as to compliance with the Corporation's prohibitions against any related party transactions between directors or employees and their families and the Corporation or any of the Macquarie Power and Infrastructure Group entities.

34. The Committee shall review on an annual basis, insurance programs and policies relating to the Corporation and its investments.

35. The Committee shall review and/or approve any other matter specifically delegated to the Committee by the Board and undertake on behalf of the Board such other activities as may be necessary or desirable to assist the Board in fulfilling its oversight responsibilities with respect to financial reporting.

THE CHARTER

The Committee shall review and reassess the adequacy of this Charter at least annually and otherwise as it deems appropriate and recommend changes to the Board. The performance of the Committee shall be evaluated with reference to this Charter annually.

The Committee shall ensure that this Charter or a summary of it which has been approved by the Committee is disclosed in accordance with all applicable securities laws or regulatory requirements in the annual proxy circular or annual report of the Corporation.