



407 ETR
Express Toll Route

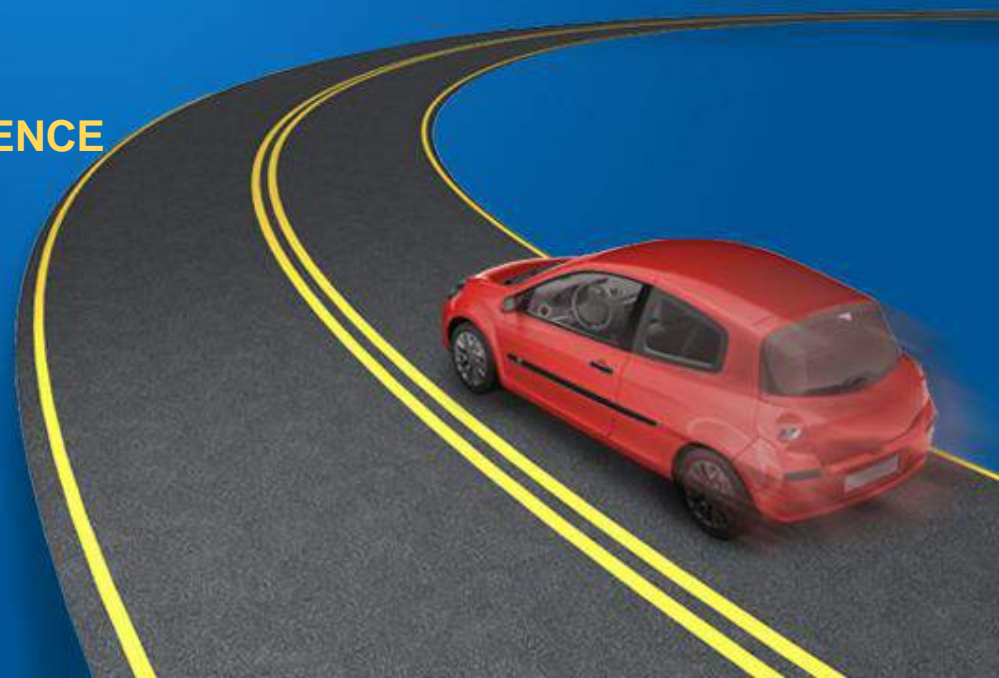
FAST. SAFE. RELIABLE.

**THE WORLD'S FIRST ALL-ELECTRONIC
OPEN ACCESS TOLL HIGHWAY**

**BMO CAPITAL MARKETS
INFRASTRUCTURE & UTILITIES CONFERENCE**

FEBRUARY 10, 2011

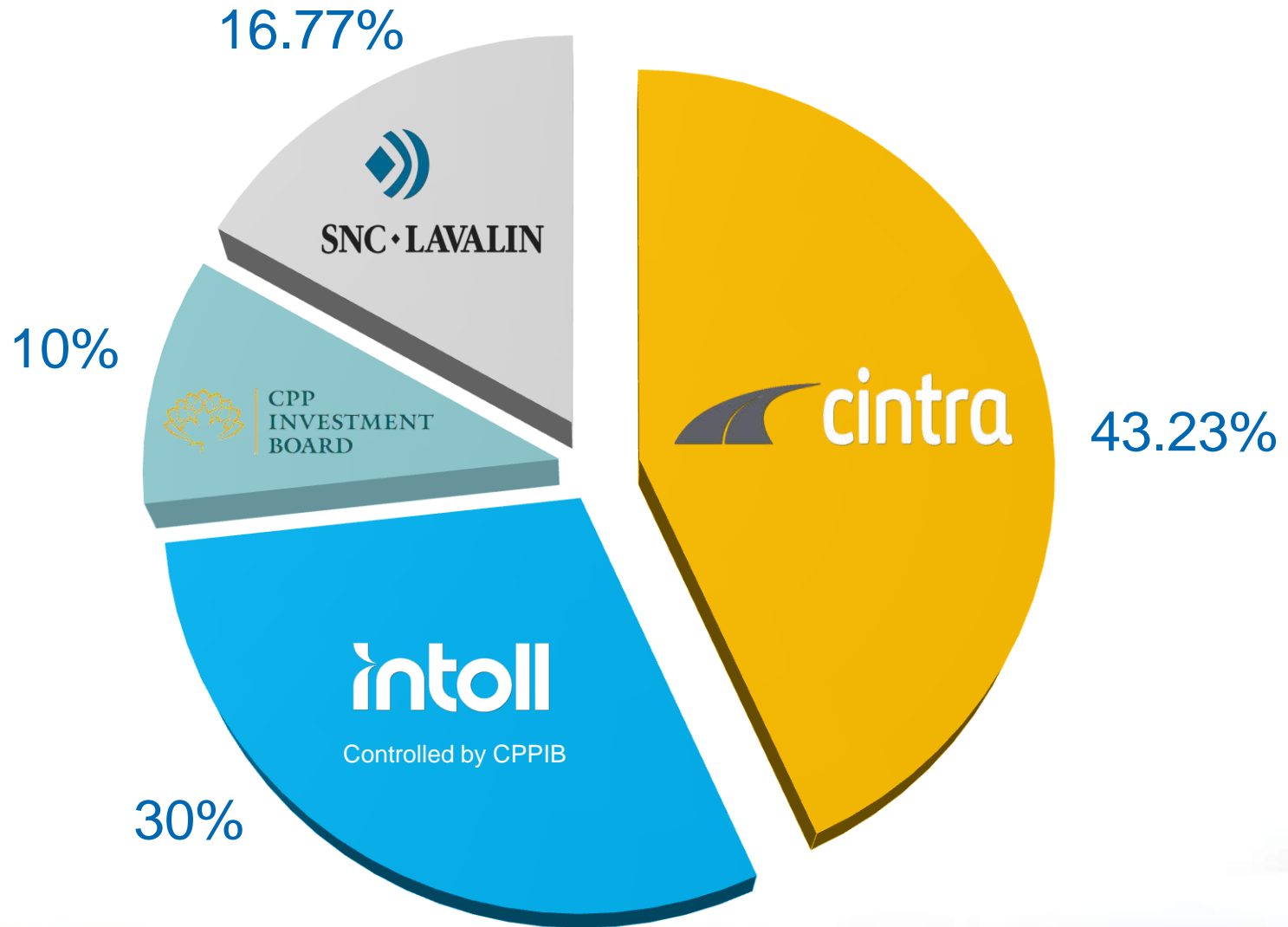
407 ETR
Express Toll Route
FAST. SAFE. RELIABLE.



DISCLAIMER/DISCLOSURE

- ▶ This presentation has been prepared by 407 ETR.
- ▶ The financial information presented is taken from quarterly and year-end statistics that have been disclosed publicly over 2006, 2007, 2008, 2009 and 2010.
- ▶ All financial amounts are shown in Canadian dollars unless otherwise indicated.
- ▶ Additional information relating to 407 ETR and or 407 International, including the 2009 Annual Information Form dated February 4, 2010, can be accessed on SEDAR.
- ▶ The statements about expected future events and financial and operating results are forward-looking. Forward-looking statements may include words such as anticipate, believe, could, expect, goal, intend, may, outlook, plan, strive, target and will. These statements reflect internal projections, expectations, future growth, performance and business prospects and opportunities, and, as they are subject to a number of risks and uncertainties, you are cautioned not to put undue reliance upon such statements as they may differ from actual results and developments.

407 ETR SHAREHOLDERS



THE HIGHWAY'S MISSION

- ▶ Relieve congestion on other Greater Toronto Area (GTA) Highways and local roads.
- ▶ Provide a congestion free trip.

THE COMPANY'S VISION AND MISSION

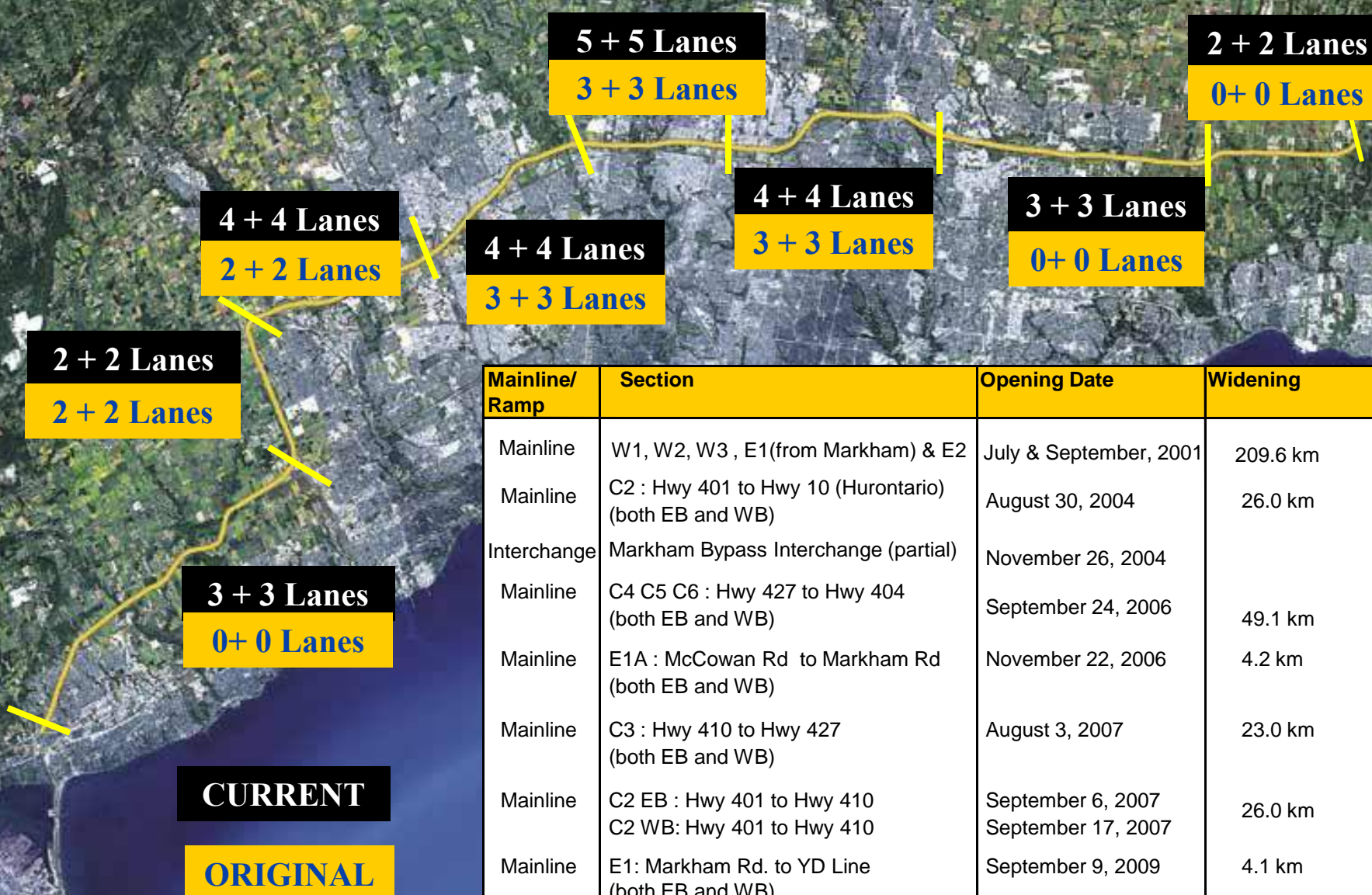
VISION

- ▶ To be recognized as the best open access toll road in the world.

MISSION

- ▶ To serve the GTA by providing customers a FAST, SAFE, RELIABLE travel alternative, maximizing both customer service and shareholder value.

Highway 407 ETR Lanes – Current vs. Original



CURRENT
ORIGINAL

Mainline/ Ramp	Section	Opening Date	Widening
Mainline	W1, W2, W3 , E1(from Markham) & E2	July & September, 2001	209.6 km
Mainline	C2 : Hwy 401 to Hwy 10 (Hurontario) (both EB and WB)	August 30, 2004	26.0 km
Interchange	Markham Bypass Interchange (partial)	November 26, 2004	
Mainline	C4 C5 C6 : Hwy 427 to Hwy 404 (both EB and WB)	September 24, 2006	49.1 km
Mainline	E1A : McCowan Rd to Markham Rd (both EB and WB)	November 22, 2006	4.2 km
Mainline	C3 : Hwy 410 to Hwy 427 (both EB and WB)	August 3, 2007	23.0 km
Mainline	C2 EB : Hwy 401 to Hwy 410 C2 WB: Hwy 401 to Hwy 410	September 6, 2007 September 17, 2007	26.0 km
Mainline	E1: Markham Rd. to YD Line (both EB and WB)	September 9, 2009	4.1 km
Ramp	9th Line (Ramp 1A)	September 9, 2009	
Mainline	C7 : Hwy 404 to Markham Rd (both EB and WB)	September 7, 2010	18.6 km

CURRENT CUSTOMER BASE

- ▶ Approximately **1.4 million paper bills** sent each month
- ▶ **250,000** electronic bills sent each month

407 ETR
Express Toll Route

Account Number: 00000000000000000000
 Bill Date: 18 Dec 10
 Billing Period: 18 Nov 10 to 17 Dec 10

Account summary

Amount of previous bill	\$0.00
Payment received 17 Dec 10	-\$15.54
Previous balance due	-\$15.54
Toll charges (incl. \$2.40 in trip tolls)	\$15.54
Other new charges	\$0.00
Total new charges	\$15.54
Total amount due	\$0.00

Test drive the new 407etr.com!
 The new www.407etr.com gives you instant access to your account; plus the ability to view all your current and historical bills the moment you login. Take a test drive today and let us know what you think!

Tear off here P000000015676-C0000421055-1/4 V/A/L REL CHW Page 1 of 3

**This is a statement of your account.
 No payment is required.**

18 Dec 10
 000094509
 S 015676 T138 (H)

142 MCCREADY DR
 MILTON, ON L9T 0V5

407 ETR
Express Toll Route

Account Number: 00000000000000000000
 Bill Date: 18 Dec 10
 Billing Period: 18 Nov 10 to 17 Dec 10

Account details

Amount of previous bill	\$0.00
Payment received 17 Dec 10	-\$15.54
Previous balance due	-\$15.54
Total amount due	\$0.00

Activity

Toll charges (incl. \$2.40 in trip tolls)	\$15.54
GST / HST (#888411055)	\$0.00
Total new charges	\$15.54

Trip details

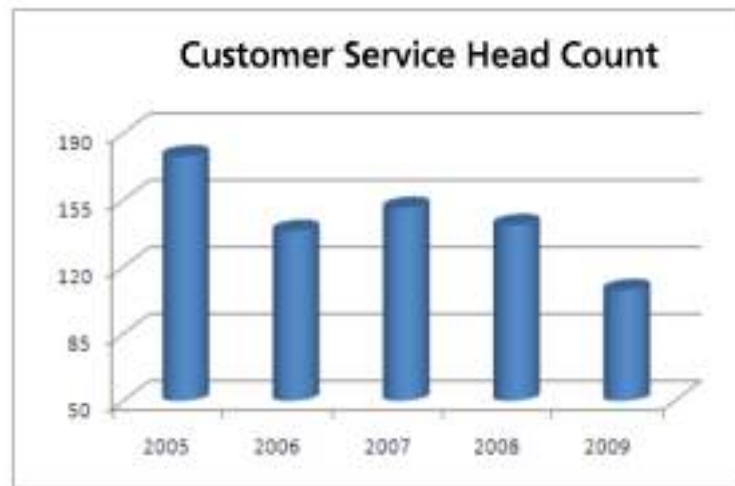
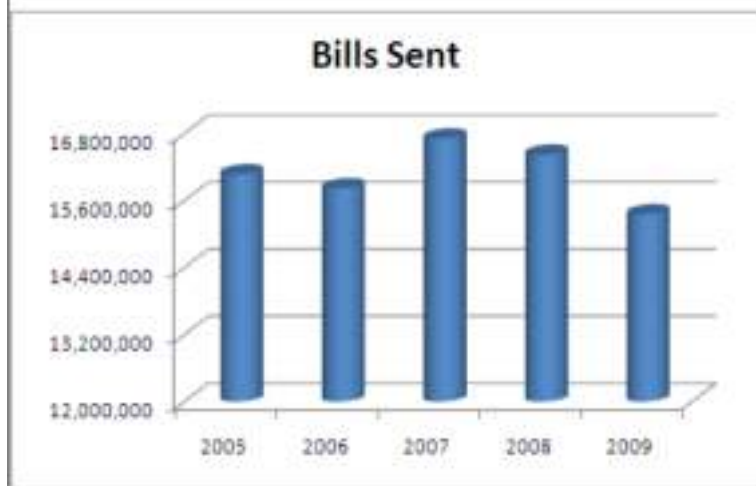
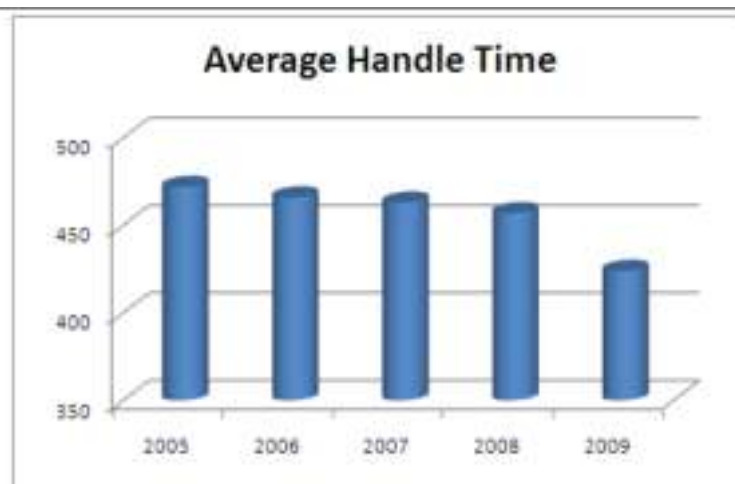
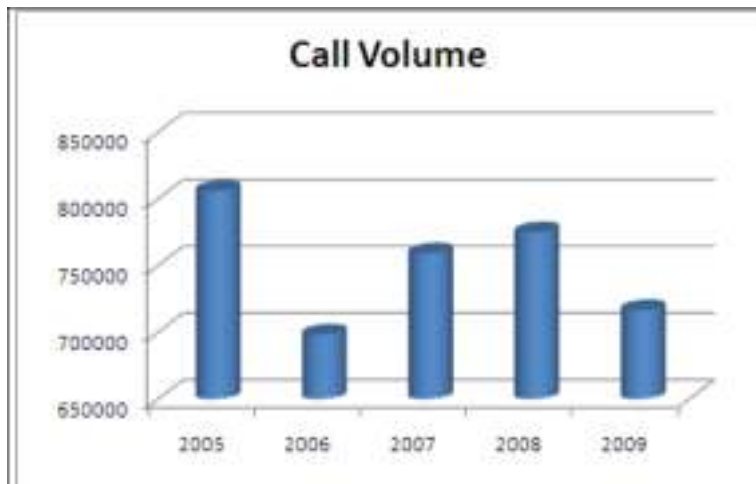
Date of trip	Entry time	Entry and exit points	Total distance (km)	Video toll charges (\$)	Trip & Toll charges (\$)	Total toll charges (\$)
Transponder number 88325689 - Light vehicle						
14 Nov 10	1:41 pm	Hay401-Hay402	12.9	2.78	2.78	
14 Nov 10	5:19 pm	Hay410-Hay401	12.9	2.78	2.78	
27 Nov 10	8:20 pm	Hay401-Hay403	9.8	2.21	2.21	
27 Nov 10	12:04 pm	Hay403-Hay401	9.8	2.21	2.21	
28 Nov 10	4:37 pm	Hay401-Hay402	12.9	2.78	2.78	
28 Nov 10	8:21 pm	Hay402-Hay401	12.9	2.78	2.78	
Total			71.2	15.54	15.54	

Trip summary

Transponder or license plate number	Number of trips	Total distance (km)	Video toll charges (\$)	Trip & Toll charges (\$)	Total toll charges (\$)
88325689	6	71.2	15.54	15.54	
Total	6	71.2 km	\$15.54	\$15.54	

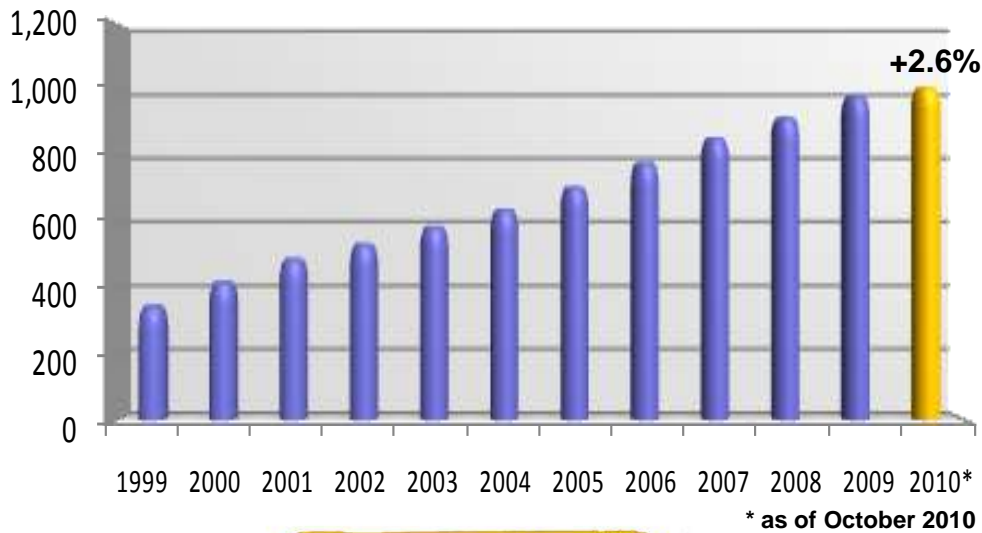
P000000015676-C0000421055-1/4 V/A/L REL CHW Page 3 of 3

Customer Service Process Improvements



TRANSPONDER USAGE

Transponders in Circulation (000's)

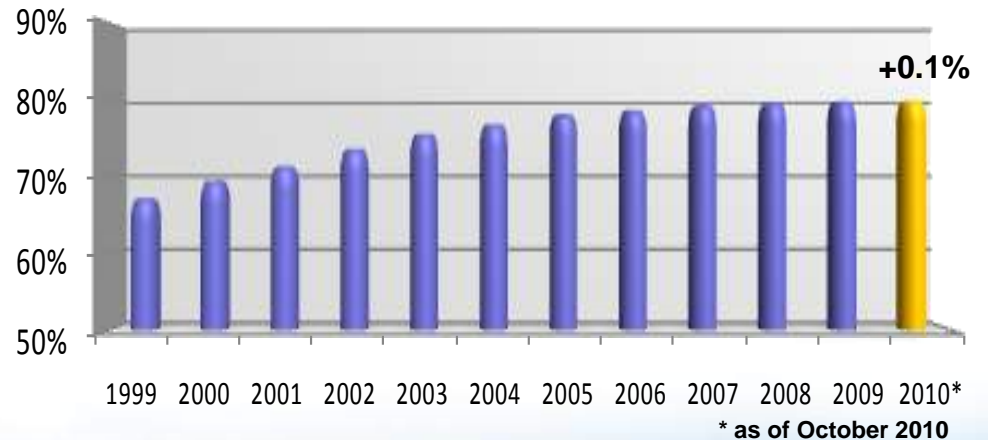


▶ Promotions have increased the transponder penetration, thereby reducing corporate cost of pursuing payments for road usage.

▶ 1,000,000th TRANSPONDER

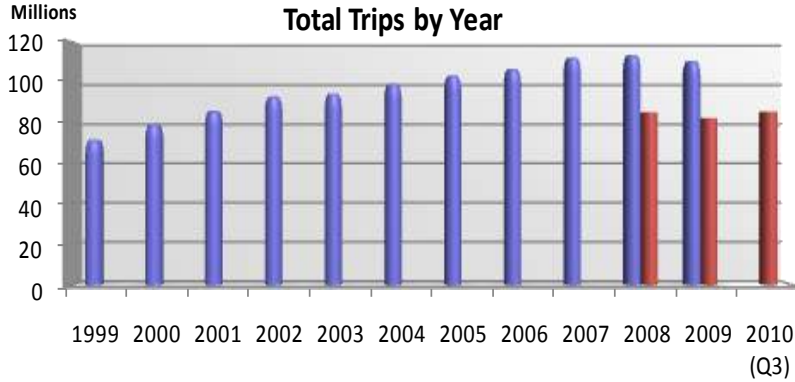


Transponder Penetration Percentage

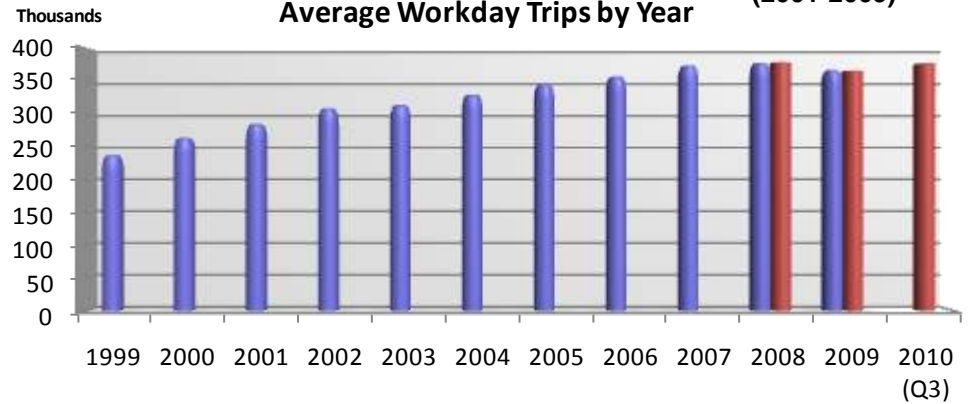


Historical Traffic Performance

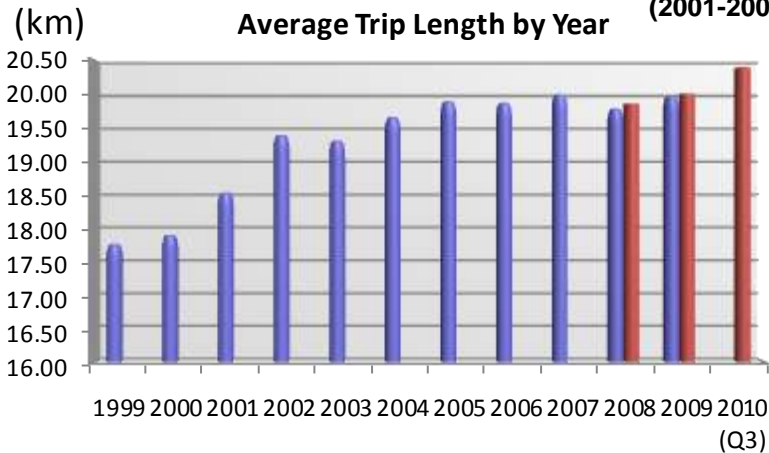
**CAGR 3.2%
(2001-2009)**



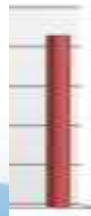
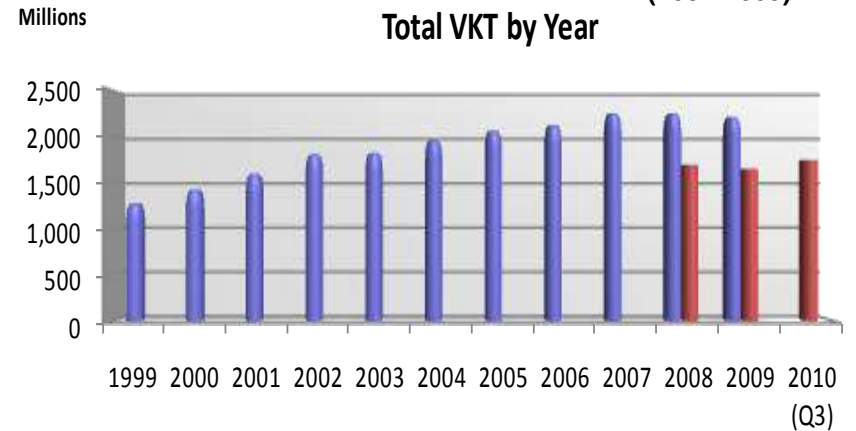
**CAGR 3.22%
(2001-2009)**



**CAGR 0.94%
(2001-2009)**



**CAGR 4.19%
(2001-2009)**



= Q3 DATA

- ▶ 382,000 average trips per workday in 2010 (9 months)
- ▶ More than 454,000 trips on June 30, 2010 – **a one day trip record!**
- ▶ Over **110 million** trips and **2.2 billion VKT** in 2009



**Total VKT in 2009 equals
54,897 trips around the Earth!**

2011 ZONE/PEAK TOLLING

Effective February 1, 2011



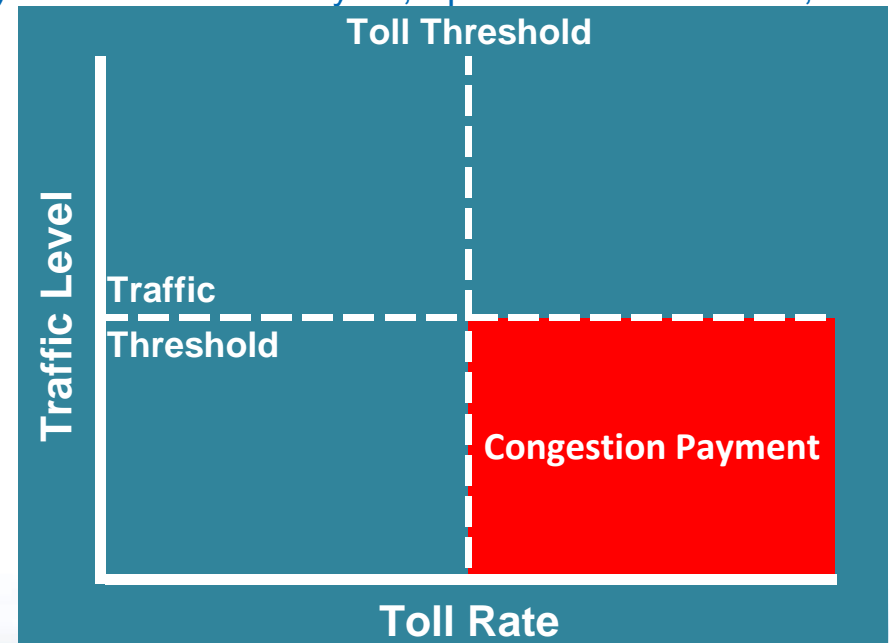
- ▶ Helps keep even the busiest section of highway free flowing
- ▶ Customers can rely on 407 ETR for a fast trip when they need it

Description of Tolling Mechanism - Schedule 22

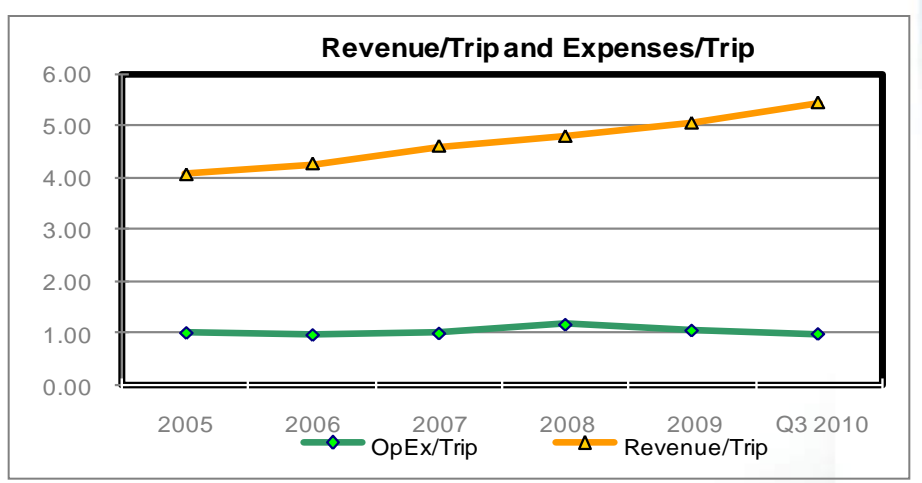
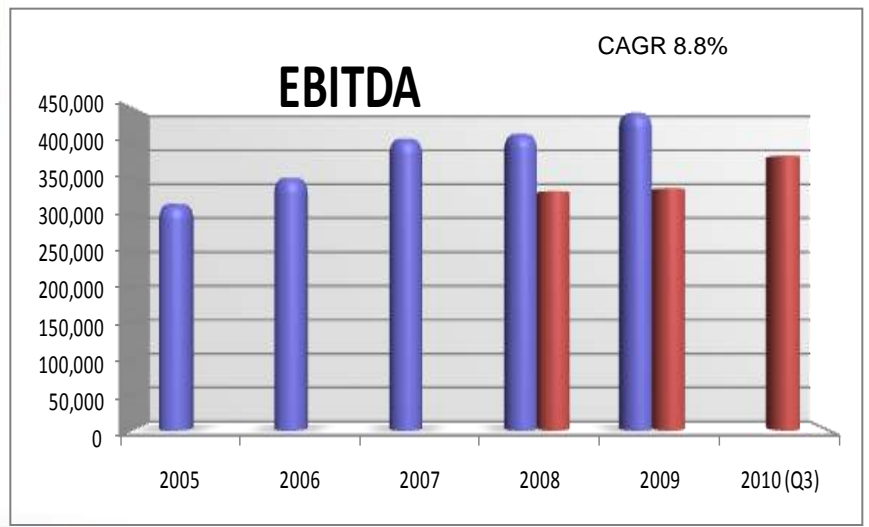
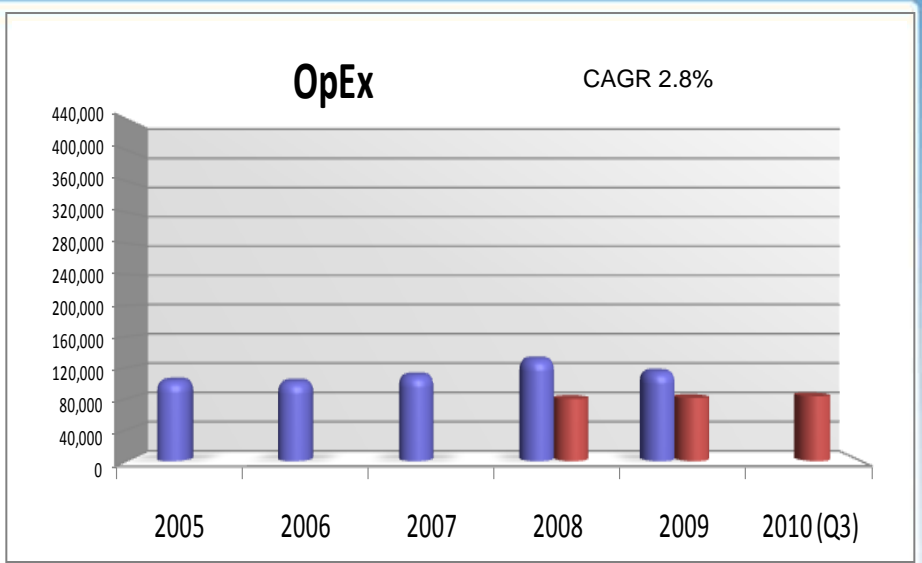
► Flexible Tolling Structure contingent on congestion relief

Schedule 22 provides the framework to increase the toll rates and other charges and includes the concept of the Congestion payment to ensure that traffic relief in the corridor is being provided.

- Provides flexibility to charge different tolls for each segment of the 407 ETR, by direction and by hour .
 - Sets a minimum level of traffic (Traffic Threshold TT) in the peak hours for each segment/dir based on 2002 (Base Year) measured traffic levels and a minimum Toll Threshold in 1999, which increases 1.5% in 2000 and 2% beyond, up to 30% accumulated (plus inflation)
 - 407 ETR may raise tolls after the Base year, conditional upon maintaining traffic levels above Traffic Threshold on a segment basis.
 - The Traffic Threshold grows by 1%-3% per year after the Base year, up to a maximum of 1,500 vehicles per hour per lane.
- Congestion Payments to the Government – only applies if tolls are raised beyond Toll Threshold and traffic level fell below Traffic Threshold.



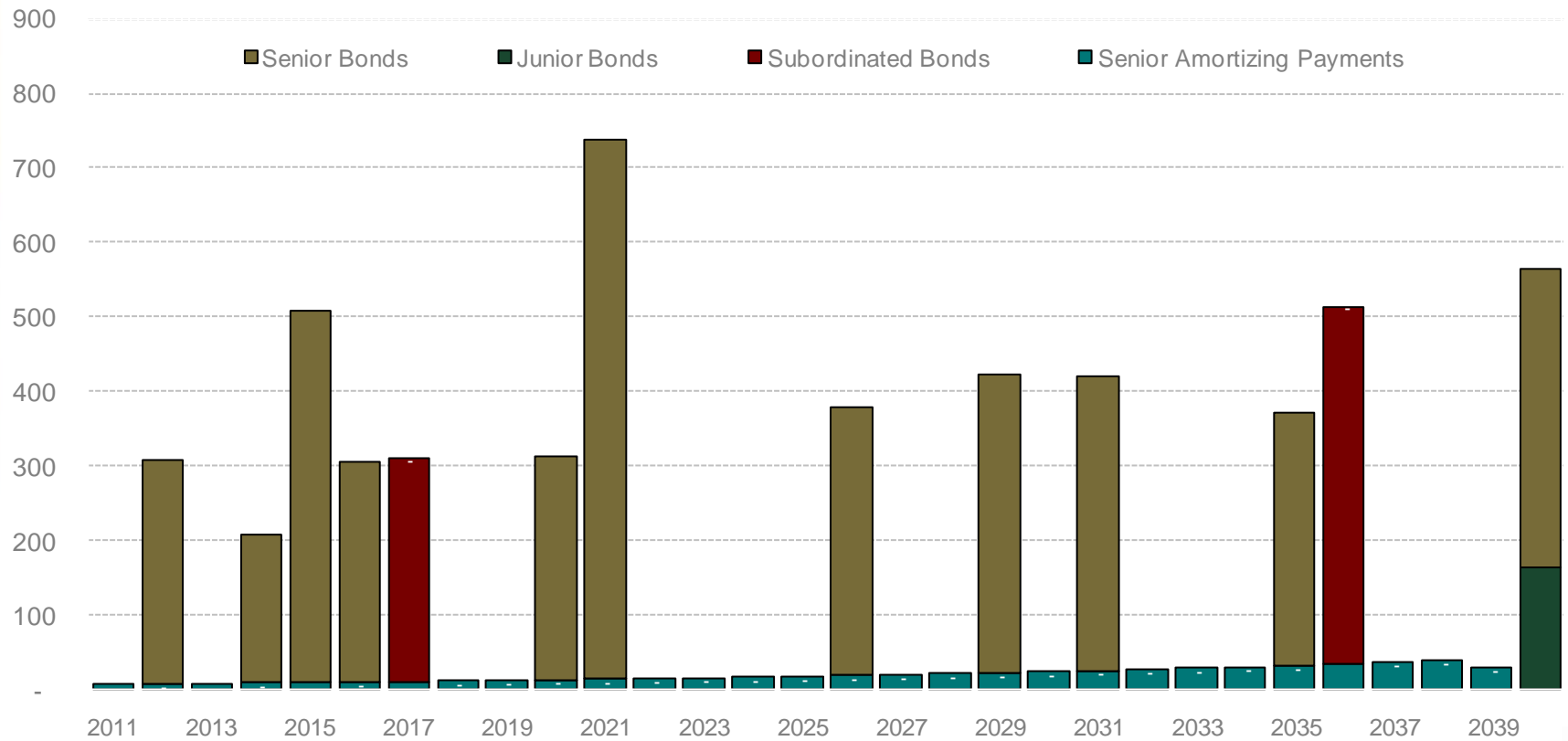
Key Indicators - Financial



= Q3 DATA:

NOTE: CAGR's are 2005 - 2009

Bond Maturity Profile



REMOVAL OF COVENANT

- » The ratings affirmation covenant was put in place as the Company was a startup operation did not have a proven traffic track record.
- » In June 2010, the Company issued senior bonds without the ratings affirmation covenant. The November 2010 senior bonds and subordinated bonds were also issued without this covenant.
- » The ratings affirmation covenant was removed to “modernize” the Company’s Master Trust Indenture as other infrastructure issuers do not have such a covenant with their bonds.
- » All bondholders still enjoy the protection of this covenant by “piggy-backing” off the covenant attached to the pre-2010 bonds.
- » All new issues were well received by investors resulting in over subscription.

- ▶ Customers are seeing the value of the service we offer
- ▶ **More than 75% of users say they save 15 minutes or more per trip**
- ▶ Independent comparisons of similar 40 km trips on 407 ETR and Highway 7 in York Region show:
 - ▶ Saving of 33 minutes on 407 ETR (24.5 minutes vs. 58)
 - ▶ Fuel savings while travelling at consistent safe speed result in reduced carbon footprint
 - ▶ At over \$1.00/litre, the gas savings pay for a large part of the toll
 - ▶ 50% less vehicle wear and tear 407 ETR (brakes, transmission, etc.)
 - ▶ 11 less days commuting annually on 407 ETR (8 days vs. 19.3 days or 196 hours vs. 464 hours)

- ▶ **SOURCE:** *“Commuter compares pay, toll roads”, Markham Economist & Sun, (York Region.com), January 25, 2008.*

- ▶ **\$45 million** loyalty program
- ▶ Top tier of frequent users can save up to **10-15%** off their bill
- ▶ Program designed after significant customer market research and a four-month pilot
- ▶ Savings in the form of gas discounts from Petro-Canada and free weekend kilometres from 407 ETR
- ▶ Over **100,000** customers eligible for program
- ▶ Each month, top tier customers save 9 cents per litre off up to 150 litres of gas and 140 free weekend KM
- ▶ Research shows Rewards members understand program and like it



- ▶ 407 ETR sends about 1.65 million invoices each month.
- ▶ Bill inserts are sent with invoices at a reasonable cost
- ▶ Previously, all customers received the same insert
- ▶ Since March 2008, 407 ETR has been able to “segment” customers and target inserts based on many factors including
 - ▶ Transponder or video
 - ▶ Pre-authorized or billed
 - ▶ Annual or monthly lease
 - ▶ eBilling or paper bills
 - ▶ ETR Rewards member
- ▶ Each month, multiple campaigns are identified and separate and distinct inserts are prepared accordingly.

ISO 9001:2008 Certified Volume 7 • Issue 3 • September 2010

407 ETR Express

FAST. SAFE. RELIABLE.

Why pay 12 times a year when you can pay once and **save close to 30%***

Monthly Transponder Lease (12 x \$2.50) = \$30/year
Annual Transponder Lease = \$21.50

You save \$8.50 a year!

- ▶ Visit www.407etr.com and click Set Up Annual Lease.
- ▶ Have your bill handy so you can login.
- ▶ Fill out the required information.

**Why wait?
It really is that easy!**

*If you have more than one transponder on your account, please visit www.407etr.com for details.

SICKKIDS HEATWAVE/VOLLEYBALL

407 ETR raises \$36,000 for SickKids Foundation.

In July, over forty 407 ETR employees participated in the 16th annual HeatWave Volleyball at Ashbridge's Bay in Toronto. Over 240 teams participated in the weekend-long tournament, which raised over \$375,000 for SickKids Foundation.

407 ETR had three teams in the tournament, with employees raising \$18,000 in donations. This was matched by the company for a grand total of \$36,000, making 407 ETR the top fundraiser of the tournament! This marks the third consecutive year that 407 ETR has participated in HeatWave. Since 2007, 407 ETR has donated over \$308,000 to SickKids Foundation.



407 ETR and our employees are committed to giving back to the community we serve. It's important to us. For more information on our efforts in the community, please visit www.407etr.com.

INSIDE > MESSAGE FROM THE PRESIDENT >>> PRE-AUTHORIZED PAYMENTS >>> ROGERS CUP WINNER
>>>> OPP CORNER >>>>> ONLINE SERVICES >>>>>> ETR REWARDS



407 ETR
Express Toll Route
FAST. SAFE. RELIABLE.

One million transponder users and counting!
Click here to see how you can win a free year's travel on 407 ETR
[more +](#)

What do you want to do?

- Check Your Balance**
Log in to your account, check your current balance and pay your bill - all in a few simple clicks.
- Order a Transponder**
Save time and money - order a transponder today! It's easy to use and offers instant savings!
- Get a handle on tolls**
In a few clicks you can find out what the charge will be to get from here to there.
- Change my address**
Moving? Got a new car? Let us know! Log in and update us on all the latest!

407 ETR Road Map

The Interactive 407 ETR Road Map provides you with all of the information you need to reach your destination on 407 ETR.

[Launch Map +](#)

2010 Construction Projects

- Widening of lanes between Highway 404 and Marham Road
- Widening of bridges between Highway 403 and Highway 401
- Westbound ramp improvements onto southbound QEW
- Replacement of the existing overhead signage


[Learn more about our Construction Projects](#)

Home | About | 407 ETR Map | Investors | Media | FAQ | Privacy Policy | Sitemap

Proud supporter of SickKids

© 2010, 407 ETR. All rights reserved.

INNOVATION AT 407 ETR - VEHICLE EXCEPTION PROCESSING

- ▶ Most transactions are completed by using automatically read plate character information.
- ▶ However, plate character information alone may not be sufficient for processing some video transactions.
- ▶ Enhanced OCR software reduces need for manual review of plates not recognized through first pass.
-  Enhanced software for Vehicle Exception Processing operators allows use of "*" (wildcard) search when one or more plate characters are missing.
- ▶ Unbillable traffic continues to decline.

INNOVATION AT 407 ETR - VEHICLE EXCEPTION PROCESSING

Supervisor Plate Verify -<V4.0.0>

Full Images



Image



Image tools

Invert

Equalize

Normalize

Brighten

Zoom

Shear

Rotate

Reset

Lock Filters

Print trip

Subimages



Transaction Summary

Transaction ID: Queue ID:

Apply

LPPV

Verify

Unreadable

Jur: Plate:

Transactions

<< - >>

Egt

PeopleSoft Plate Lookup

Wild Card: Search Reset

Plate	Jur	Make	Model	Year	Color	CustName
BECD	ON	MAZD		2005	BL	

MTO Response

MTO Request

Plate	Jur	Make	Model	Year	Color	Status

Sensitive Plate Information

Reason:

Last Read: Jur:

YMM:

Could Be: Jur:

YMM:

Operator Activity

ID	Plate	Jur	Task	LPPV	Information
SYSTEM		ON	Leak		OCR READ
kapurp		ON	PV		APPLY PLA
lzei		ON	PV		APPLY PLA

INNOVATION AT 407 ETR - VEHICLE EXCEPTION PROCESSING

Plate Verify <V4.0.0>



Full Images:  


Image: 

Image tools: Invert, Equalize, Normalize, Brighten, Zoom, Shear, Rotate, Reset, Lock Filters, Print trip

Transaction Summary: Transaction ID: 1617166278 Queue ID: 2300

Apply, Uppy, Verify, Unreadable, Jur: ON, Plate: AXPL, Transactions: <<, >>, Egt

PeopleSoft Plate Lookup
Wild Card: AXPL*99 Search Reset

Plate	Jur	Make	Model	Year	Color	CustName
AXPL	ON	FORD		2003	BRN	
AXPL	ON	DODG		2001	RED	
AXPL	ON					
AXPL	ON			00		

MTO Response
MTO Request

Plate	Jur	Make	Model	Year	Color	Status

Sensitive Plate Information

Reason:

Last Read: Jur:

YMM:


Could Be: Jur:

YMM:


INNOVATION AT 407 ETR - VEHICLE EXCEPTION PROCESSING

Plate Verify <V4.0.0>

Full Images



SubImages



Image




Image tools

Invert

Equalize

Normalize

Brighten

Zoom

Shear

Rotate

Reset

Lock Filters

Print trip

Transaction Summary
 Transaction ID: 1617166430 Queue ID: 2300

Apply LPPV Verify Unreadable Jur: ON Plate: BBPD Transactions: << >> Exit

PeopleSoft Plate Lookup

Wild Card: BBPD Search Reset

Plate	Jur	Make	Model	Year	Color	CustName
BBPD	ON	BMW		2004	BLK	

MTO Response

MTO Request

Plate	Jur	Make	Model	Year	Color	Status

Sensitive Plate Information

Reason: _____

Last Read: _____ Jur: _____

YMM: _____

Could Be: _____ Jur: _____

YMM: _____

NEW! CMOS camera and lighting provides better, brighter and larger images.

- ▶ Improves automatic processing of plates.
- ▶ Reduces error rate on visual inspection.
- ▶ Provides more data for vehicle fingerprinting
- ▶ New lighting uses less energy

Larger/Taller Images



Before



After



New Energy efficient LED lighting



- ▶ When the East Completion is constructed it is expected to deliver additional traffic to 407 ETR.



- ▶ RFQ: June 2010
- ▶ RFP: expected soon

SPONSORSHIPS / DONATIONS



▶ **ETR and MTO: Winner of a 2008 Canadian Council for Public-Private Partnerships National Award for Excellence in Service Delivery**

- ▶ \$180 million of new lanes in 2006/2007
- ▶ \$40 million ETR Rewards loyalty program
- ▶ \$110 million of customer service improvements



▶ **ISO 9001:2008 Certified**

- ▶ Notified of certification on January 13, 2009
- ▶ Committed to continuous improvement and achieving the utmost quality in the products and services we offer to meet the needs and expectations of our customers



▶ **Winner of 2009 International Bridge, Tunnel and Turnpike Association (IBTTA) President's Award for Excellence and Technology Award**

- ▶ \$1 million project reduced manual verification transactions by 20 percent and increased plate readability by 17 percent
- ▶ 37 percent reduction in headcount, while traffic volume increased by 9.8 percent over the same period



▶ **2010 - Intelligent Transportation Systems Society of Canada first ever New Canadian Commercial Technology/Innovation or Research and Development Award**

