THE WORLD’S FIRST ALL-ELECTRONIC OPEN-ACCESS TOLL HIGHWAY

BMO Capital Markets

11th Annual Infrastructure & Utilities Conference

February 6, 2014 (as at Q3 2013)
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.

All financial amounts are shown in Canadian dollars unless otherwise indicated.

Additional information relating to 407 ETR and/or 407 International, including the 2012 Annual Information Form dated February 14, 2013, 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.

Please see Appendix for further background information.
Average of over 380,000 trips each work day
FREE TRAVEL offered in Segment C3 during specific hours.

Highway usage in other segments is billed at regular toll rates.

Offer made to companies with a total of 26k employees.

Stimulates traffic in key segments of highway.

Overall positive contribution to traffic growth.

Special offer from 407 ETR!

Special offer for Rogers employees!

407 ETR is extending an exclusive FREE TRAVEL offer to Rogers employees!

From April 1, 2013 until September 30, 2013, enjoy FREE TRAVEL when travelling between Highway 410 and Highway 427 during the hours of 7:30 a.m. – 8:30 a.m. and 4:30 p.m. – 5:30 p.m., Monday to Friday.

To take advantage of this offer, all you have to do is enjoy fast, safe and reliable trips on 407 ETR – we’ll take care of the rest! To sign up, please complete and sign the attached application form and email to rogers.offer@407etr.com.

For more information, please call (905) 266-2172 or 1-888-813-8884 or send an email to rogers.offer@407etr.com.
TRAFFIC STIMULATION – UNLIMITED OFFER - PERSONAL CUSTOMERS

Unlimited Offer
All you can drive on 407 ETR for just $79.99!

For just $79.99*, drive as much as you want from June 1 until June 30. That’s right, unlimited driving on 407 ETR in June for just $79.99!

Click the button below to take up on this limited time offer. Have your personal identification, credit card and account number ready.

Act now! You must pay $79.99 by May 30, 2012. Here’s how:
1. Login to your 407 ETR account using your email address and password. If you don’t have a web account, it only takes a minute to create one.
2. Select ‘Make a Payment’.
3. If you have multiple accounts, select the account number referenced in the email you received and enter a payment amount of $79.99.
4. Enter your credit card information in the fields provided, then click “Process Payment.”
5. The payment will be applied to your account and you’ll get unlimited driving on 407 ETR from June 1 until June 30, 2012!

GO UNLIMITED NOW!

» Unlimited travel on the 407 ETR for $79.99 per month.
» Targeting occasional peak hour users.
» $79.99 price point targeted to specific customers.
» Offer was first piloted in 2011 and 2012.
» June to August 2013 sent to larger group of customers.
» A total of 3,715 customers contacted 407 ETR about the offer.
» Stimulates traffic in key segments of the Highway.
» Overall contributed positively to traffic growth.
**CGLA – Schedule 22**

Schedule 22 includes the concept of Congestion Payment to ensure traffic relief in the corridor.

Sets minimum traffic levels (Traffic Thresholds) for each segment and direction, based on 2002 levels, and a minimum Toll Threshold.

- 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.
- The Toll Threshold also increases, up to 30% in real terms from 1999 level.

A Congestion Payment may be due if:

- Applicable rate > Toll Threshold and Average Segment Flow Rate (ASFR) is less than the Traffic Threshold.
- The congestion payment is twice the traffic shortfall times the toll rate overage.
- Only one Congestion Payment made ($28.7k for 2003).
- As Traffic Threshold increases, the likelihood of a “Traffic Shortfall” increases on some segments.
Rates vary by time of day, day of week and zone of highway

Avg. revenue per trip: 2013 (Q3)$7.33, 2012 (Q3)$6.72, 2011 (Q3)$6.26, 2010 (Q3)$5.75

2014 toll rate increases reflects premium value of our highway at rush hour
Promotions and the savings achieved by customers using a transponder have increased transponder penetration, thereby reducing corporate costs related to non-Transponder usage.

Transponders assist the company in maintaining a strong customer service relationship.

* as of September 2013
TRAFFIC PERFORMANCE

**Total Trips by Year (2002-2012)**

**Average Workday Trips (2002-2012)**

**Average Trip Length (2002-2012)**

**Total VKT by Year (2002-2012)**

CAGR 2.1% (2002-2012)

CAGR 0.5% (2002-2012)

CAGR 2.6% (2002-2012)

CAGR + 0.1%

CAGR + 0.8%

CAGR + 0.9%
KEY FINANCIAL INDICATORS

**Revenues**
- CAGR 7.2% (2007-2012)
- 2006: $100,000, 2007: $200,000, 2008: $300,000, 2009: $400,000, 2010: $500,000, 2011: $600,000, 2012: $700,000, 2013: $800,000 (Q3)

**Operating Expenses**
- CAGR 2.5% (2007-2012)
- 2006: $10,000, 2007: $20,000, 2008: $30,000, 2009: $40,000, 2010: $50,000, 2011: $60,000, 2012: $70,000, 2013: $80,000 (Q3)

**EBITDA**
- CAGR 8.3% (2007-2012)
- 2006: $10,000, 2007: $20,000, 2008: $30,000, 2009: $40,000, 2010: $50,000, 2011: $60,000, 2012: $70,000, 2013: $80,000 (Q3)

**Revenue/Trip and Expenses/Trip**
- CAGR 7.2% (2007-2012)
- CAGR 8.3% (2007-2012)
- CAGR 2.5% (2007-2012)
- CAGR 8.2% (2006-2010)

**Additional Notes**
- Revenues: CAGR 7.2% (2007-2012)
- Operating Expenses: CAGR 2.5% (2007-2012)
- EBITDA: CAGR 8.3% (2007-2012)
- Revenue/Trip: CAGR 8.2% (2006-2010)
Total Long-Term Debt: $ 6.1 billion

No more than 20% maturing over 24-month period

Issued in 2013

$ millions

Senior Bonds
Junior Bonds
Subordinated Bonds
Roadside technology continuously updated with proven and reliable technology.

- New “seeker” system provides enhanced “locator” data of vehicles as they pass under gantry – reducing number of images required.

- CMOS cameras and LED lighting provides best high-quality images and use less energy.

- Front capture camera for toll enforcement on heavy vehicles.
SEEKER: CUSTOMIZED SOLUTIONS / UPGRADES

- Enhancing transponder detection and identification
- 36 sites upgraded to Seeker in 2013 now 62 sites total in service
- 30 sites planned 2014
- VRC shaped antenna prototype under evaluation to enhance field of detection.
CMOS CAMERAS – ONGOING INNOVATION

» 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.
» **49 sites deployed in 2013** totalling **90 sites completed**.
» **45 sites targeted for 2014**.

![Larger/Taller Images](image1)

![New energy efficient LED lighting](image2)

Before

After
UNBILLABLE CONTINUES TO DECLINE

- Open-access, all-electronic highway raises enforcement challenges

- Initiatives to reduce “unbillable” trips
  - Increased transponder penetration
  - Vehicle Detection and Capture upgrade (seekers, cameras…)
  - Camera replacement project (CMOS)
  - Front capture cameras – targeted deployment
  - Optical Character Recognition (OCR) Software upgrades

Unbillable trips include customer trips that cannot be billed and trips by emergency responders, exempted vehicles, employee travel and maintenance vehicles.

![Graph showing decreasing unbillable trip percentages from 2007 to 2013.](image-url)
2014 CAPITAL PROJECTS: 16km of NEW LANES BETWEEN 400 / 427
2014 CAPITAL PROJECTS: ASPHALT RESURACING

- Started in 2013.
- Resurfacing of Highway 407 ETR from Trafalgar to Dundas (A total of 96 mainline lane-km not including shoulders). The project also includes arterial road interchanges and 40 bridges at various locations. Asphalt strengthening of the inside shoulders on the 407 ETR mainline are included in the contract. The total quantity of asphalt is over 194,000 tonnes and over 1,000,000 m² of asphalt grinding.

- Work to be completed by September, 2014.
» Automatically monitors all conditions in roadside cabinets at each interchange and will send message when a fault is detected.

» Enhances our monitoring and deployment of maintenance/repair resources.

» Customized design and new technologies.

» **21 sites deployed in 2013.**

» **17 sites planned for 2014** to complete the highway.
ICE STORM – DECEMBER 2013: BACK UP POWER MITIGATES DOWN TIME

- Several interchanges impacted for various periods.
- New automatic transfer switches allowed “plug-in” of back up power.

- Generators provide full power.
- Teams of staff did refueling of generators on a 24/7 basis until full power was restored.
TWO DIFFERENT PROJECTS – TWO DIFFERENT MODELS

<table>
<thead>
<tr>
<th>407 ETR /407 International</th>
<th>407 East Development Group – Phase 1</th>
</tr>
</thead>
<tbody>
<tr>
<td>108 km (Burlington-Pickering)</td>
<td>22 km (Pickering-Oshawa + 10 km WDL)</td>
</tr>
<tr>
<td>Cintra, CPPIB, SNC-Lavalin</td>
<td>Cintra and SNC-Lavalin</td>
</tr>
<tr>
<td>99-year Concession (1999-2098)</td>
<td>3+30-year DBFO (2012-2045)</td>
</tr>
<tr>
<td>407 ETR sets tolls, keeps revenues</td>
<td>Province sets tolls, gets revenues</td>
</tr>
<tr>
<td>Traffic risk</td>
<td>Availability payments – no traffic risk</td>
</tr>
<tr>
<td>Prescribed extensions &amp; widenings</td>
<td>One-time construction &amp; maintenance</td>
</tr>
</tbody>
</table>

Cantoll (Sub of 407 International) installs, updates and manages seamless tolling and backoffice system, customer service and collection. Customer gets one bill / one transponder.
CONNECTING 407 ETR TO THE NEW HIGHWAY 407 EAST
CONNECTING 407 ETR TO THE NEW HIGHWAY 407 EAST

October 2013
In October 2011, 407 ETR successfully litigated the Moore case in Superior Court, which confirmed that plate denial applies to pre-bankruptcy amounts owed by a discharged bankrupt customer.

The Moore case was appealed by the Federal Superintendent of Bankruptcy to the Ontario Court of Appeal, with two matters at issue:

1. “Fresh Start” principle envisioned by the federal Bankruptcy and Insolvency Act.
2. Operational conflict between provincial law (regarding vehicle licensing) and federal law (the Bankruptcy and Insolvency Act).

In December 2013, the Ontario Court of Appeal found in favour of the Superintendent of Bankruptcy, setting aside the lower court decision and deciding that plate denial does not apply to discharged bankrupts since that would deny them the ability to have a “fresh start”.

In January 2014, 407 ETR was successful in obtaining a stay of the Court of Appeal decision pending the outcome of 407 ETR’s application seeking leave to appeal to the Supreme Court of Canada.
In April 2012, a proposed class action commenced against 407 ETR based on the same key issues as in the Moore case (e.g. application of plate denial to pre-bankruptcy amounts owed by discharged bankrupt customers).

407 ETR intends to vigorously oppose the class action, which remains at an early stage.

The outcome of the class action will depend on various factors, including the outcome of 407 ETR’s application seeking leave to appeal to the Supreme Court of Canada, the class certification process, and potential class settlement and/or trial.

It is not expected that the final outcome of 407 ETR’s attempted appeal of the Ontario Court of Appeal’s decision or the final determination of the proposed class action will materially affect the Company’s financial position.
### Increased Customer Choice and Management of OPEX (from 2010)

#### Key Statistics:
- **Pre-auth**: up 72.4%
- **Paperless**: up 308%
- **Website traffic**: up 41.4%
- **Online payments**: up 57.3%
- **Customer calls**: down 11%

**407etr.com** offers a variety of services to manage your 407 ETR account easily. All you need is your email address, a password, and a bit to set up your web account. It’s safe and secure and gives you 24/7 access to:

- **Pre-authorized Payments**: Never worry about missing a payment.
- **Lease a Transponder**: Save money on every trip by avoiding Video Toll Charges.
- **Paperless Billing**: Convenient and environmentally friendly.
- **Check Your Balance**: Pay your bill - all in a few simple steps.

Visit [www.407etr.com](http://www.407etr.com) now!

**Increase in Website Traffic**:

<table>
<thead>
<tr>
<th>Service</th>
<th>Increase</th>
<th>Savings</th>
</tr>
</thead>
<tbody>
<tr>
<td>Paperless</td>
<td>308%</td>
<td>$85k/yr</td>
</tr>
<tr>
<td>Pre-auth</td>
<td>72.4%</td>
<td></td>
</tr>
<tr>
<td>Customer calls down</td>
<td>11%</td>
<td></td>
</tr>
<tr>
<td>Online payments up</td>
<td>57.3%</td>
<td></td>
</tr>
<tr>
<td>Increased web traffic</td>
<td>41.4%</td>
<td>$750k/yr</td>
</tr>
</tbody>
</table>

Every 10k customers on paperless saves 407 ETR over $85k/yr and supports reduced use of paper. Average 15k/month new registrations.

Increased web traffic has reduced customer calls - representing a value of over $750k per year.
CONFIRMING THE GOOD CHOICE

- December 2013 report
- Analysis of 3 data sources:
  1. Customer trip times/vehicle information (On-Board Diagnostic)
  2. Tom-Tom speed data
  3. IMS Cellular Data
- Confirmed:
  - Time Savings
  - Value of Time
  - Savings on vehicle maintenance costs
  - Potential fuel savings
  - Reliability/Dependability and quality of life
CUSTOMER EXPERIENCE VIDEO
Click here to view the video at www.407etr.com
THANK YOU
INVESTOR CONTACTS

Louis-M. St-Maurice  
Chief Financial Officer  
407 ETR Concession Company Limited  
lstmaurice@407etr.com  
905-264-5229

Geoffrey Liang  
Managing Director, Finance and Treasurer  
407 ETR Concession Company Limited  
gliang@407etr.com  
905-264-5298
APPENDIX
THE WORLD’S FIRST ALL-ELECTRONIC OPEN-ACCESS TOLL HIGHWAY
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Engineering, construction and investor in infrastructure projects. Developer and Initial Investor.

Canada Pension Plan Investment Board. Approx. $192.8 B under mgmt. Bought 10% of Cintra interest and Intoll in 2010.

Controlled by CPPIB

100% subsidiary of Ferrovial. Owns and operates tollroads worldwide. Developer and Initial Investor.
ASSET OVERVIEW

- Highway 407 mainline is 108 km
- Pavement inventory 1,128 lane km (including ramps)
- 208 structures
- 41 Interchanges:
  - Freeway - 7
  - Arterials - 34
- 198 tolling gantries (entries and exits)
- Expanded Road Patrol – Summer/Winter
- 7-24 Traffic Control Center (CCTV Coverage, DMS)
- Roadside Assistance Program
- Higher Safety Standards
- Summer & Winter Maintenance Operation Plans
- Incident Response Plans
- Coordination with OPP – regular services & paid duty
Expansions
Total lanes added since 2004
A total of 205.4 new lane kilometres.

<table>
<thead>
<tr>
<th>Year</th>
<th>Lane Expansions</th>
<th>Length</th>
</tr>
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<tbody>
<tr>
<td>2004</td>
<td>401 - 410</td>
<td>18 km</td>
</tr>
<tr>
<td>2006</td>
<td>427 - 404</td>
<td>46 km</td>
</tr>
<tr>
<td>2006</td>
<td>McCowan Road - Markham Road</td>
<td>4 km</td>
</tr>
<tr>
<td>2007</td>
<td>401 - 427</td>
<td>47 km</td>
</tr>
<tr>
<td>2009</td>
<td>Markham Road - York Durham Line</td>
<td>13 km</td>
</tr>
<tr>
<td>2010</td>
<td>404 - Markham Road</td>
<td>19 km</td>
</tr>
<tr>
<td>2011</td>
<td>401 - Trafalgar Road</td>
<td>26 km</td>
</tr>
<tr>
<td>2012</td>
<td>400 - 404</td>
<td>32 km</td>
</tr>
</tbody>
</table>

Total lane kilometres added 205 km
Ultimate Capacity

Phase One (20km): Highway 407 East to Harmony Road in Whitby/Oshawa, including the West Durham Link (WDL) to 401 (10km) and a realignment of Highway 401 (5km). Three lanes in each direction up to the WDL and then two lanes in each direction to Harmony Road.

Phase Two (23km): Extension of Highway 407 East from Harmony Road to Highway 35/115, including the East Durham Link (EDL) to 401 (10km) through Clarington by 2020. By 2017, there will be an interim interchange at Taunton Road for the EDL.

407 ETR: 108km, with 41 Interchanges and 198 on/off ramps.
Highway 407 Act (Royal Assent - Dec 1998):
- Powers of Concessionaire (collection of tolls, exemption of tolls, etc.)
- Plate denial, enforcement of tolls, dispute process
- Collection and use of personal information
- Highway closure, emergency planning
- Liabilities, expropriation, expansion, etc.
- Safety standards

Highway Traffic Act:
- Plate visibility
- Powers of police officer (search and seizure)
- Definition of toll device and transponder mounting
- Toll evasion, sale of interference devices, etc.
Concession and Ground Lease Agreement (CGLA)*:
- Collection of revenues and tolling regulations
- Operation standards, highway expansion and extension
- Reporting, audit rights, electronic data transfer
- Corridor control, management of 407 lands
- Police services, enforcement
- Dispute resolution etc.

Policing/Enforcement Agreements:
- Police Services Agreement with Ontario Provincial Police
- Truck safety and vehicle registration enforcement by MTO

*Available on 407etr.com
SUPPORTING SAFETY ON AND OFF THE ROAD