

BMO Capital Markets

13th Annual Infrastructure & Utilities Conference

February 4, 2016



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.
- ◆ All financial amounts are shown in Canadian dollars unless otherwise indicated.
- ◆ Additional information relating to 407 ETR and / or 407 International, including the 2014 Annual Information Form dated February 12, 2015, 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 INTERNATIONAL SHAREHOLDERS

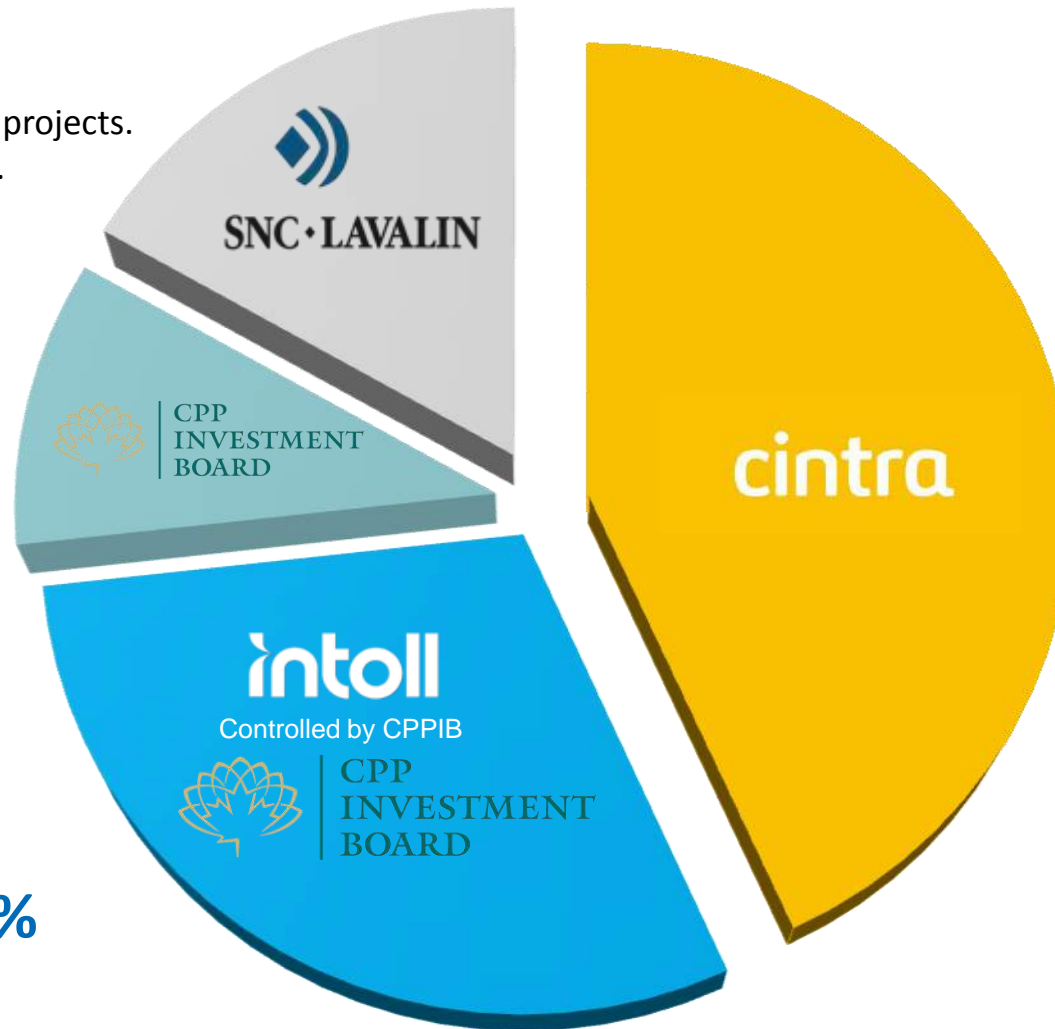
16.77%

Engineering, construction and investor in infrastructure projects. Developer and Initial Investor.

10%

Canada Pension Plan Investment Board. Over \$272 B under mgmt. Bought 10% of Cintra interest and Intoll in 2010.

30%



43.23%

100% subsidiary of Ferrovial. Owns and operates toll roads worldwide. Developer and Initial Investor.

407 ETR

Express Toll Route

FAST. SAFE. RELIABLE.



407 ETR

407 ETR: 108km, with 41 interchanges and 198 on/off ramps.

Phase 1 (22km): Spring 2016 - 407 ETR/Brock Road in Pickering to Harmony Road in Oshawa and Highway 412 connection to 401. Phase 1 will be 3 lanes in each direction up to Highway 412 and then 2 lanes in each direction to Harmony Road. Highway 412 will be 2 lanes in each direction.

Phase 2A (12km): Late 2017- Highway 407 Harmony Road to Taunton Road/Highway 418. Highway 407 will be 2 lanes in each direction.

Phase 2B (11km): Open 2020 - the remainder of Highway 407 to Highway 35/115 and Highway 418 connection to 401. Highway 407 and 418 will be 2 lanes in each direction.

407 Interchange **400-Series Interchange**

United States of America

Current and Ultimate Number of Lanes

C3
1999: 3+3 Lanes
2016: 4+4 Lanes
Ultimate: 5+5 Lanes

C7
1999: 3+3 Lanes
2016: 4+4 Lanes
Ultimate: 5+5 Lanes

C4 to C6 NOW ULTIMATE
1999: 3+3 Lanes
2016: 5+5 Lanes

C2
1999: 2+2 Lanes
2016: 4+4 Lanes
Ultimate: 5+5 Lanes

C1
1999: 2+2 Lanes
2016: 3+3 Lanes
Ultimate: 4+4 Lanes

W1 to W3
1999: 0+0 Lanes
2016: 3+3 Lanes
Ultimate: 4+4 Lanes

E1
1999: 0+0 Lanes
2016: 3+3 Lanes
Ultimate: 5+5 Lanes

E2
1999: 0+0 Lanes
2016: 2+2 Lanes
Ultimate: 5+5 Lanes

PHASE 1: Brock Rd to 412
2016: 3+3 Lanes
PHASE 1: 412 to Harmony
2016: 2+2 Lanes
PHASE 1: 412 to 401
2016: 2+2 Lanes

PHASE 2B
2020: 2+2 Lanes

PHASE 2A
2017: 2+2 Lanes

Highway 407 East Project

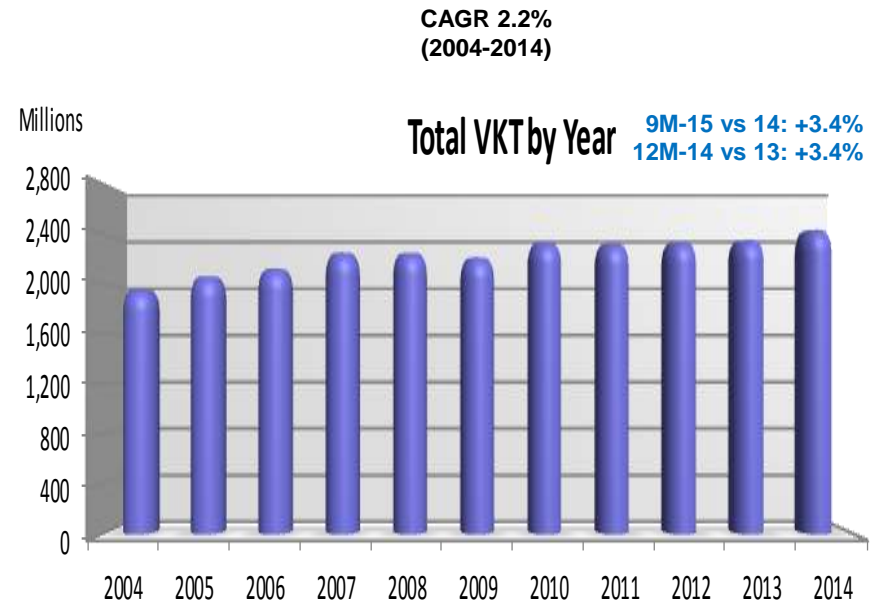
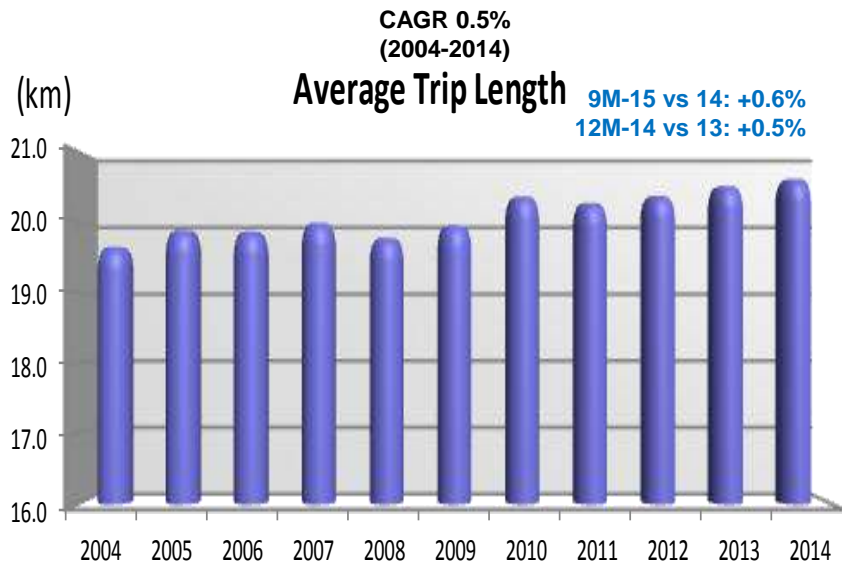
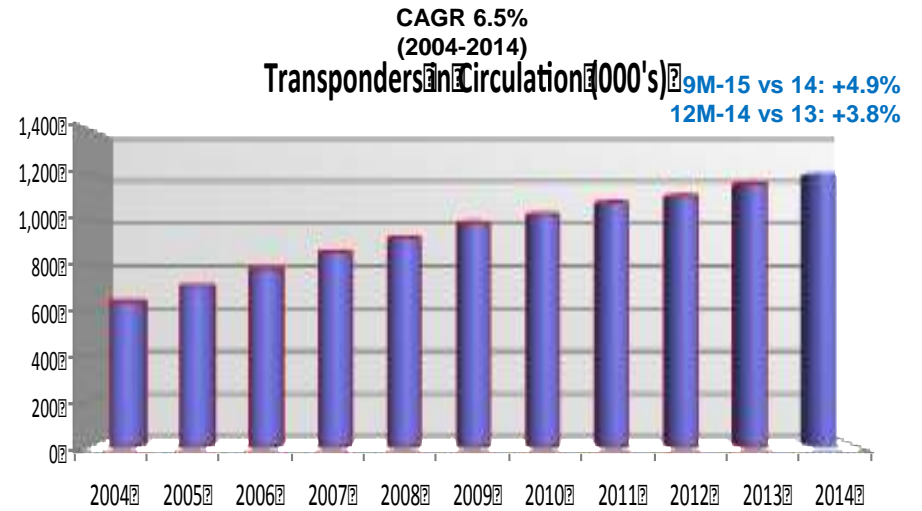
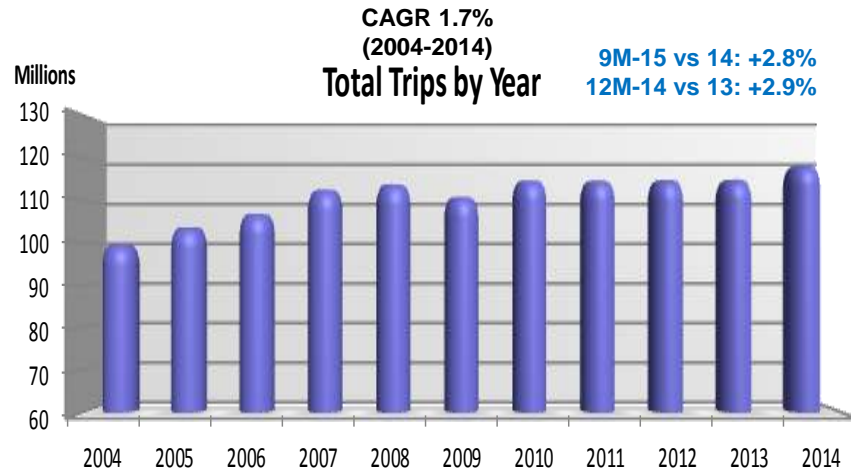
Phase 1 ●●●●●

Phase 2A ●●●●●

Phase 2B ●●●●●

Year	Expansion	Length
2004	401 - 410	18 km
2006	427 - 404	46 km
2006	McCowan Road - Markham Road	4 km
2007	401 - 427	47 km
2009	Markham Road - York Durham Line	13 km
2010	404 - Markham Road	19 km
2011	401 - Trafalgar Road	26 km
2012	400 - 404	32 km
2014	400 - 427	16 km
Total lane kilometres added		221 km

KEY TRAFFIC INDICATORS



**Total annual Vehicle
Kilometres Travelled
equals over 58,390
trips around Earth**



2016 ZONE/PEAK TOLLING – NEW AM/PM DIFFERENTIAL



Light Vehicle Rates* for vehicles 5,000 kg or less (cars, minivans and SUVs)

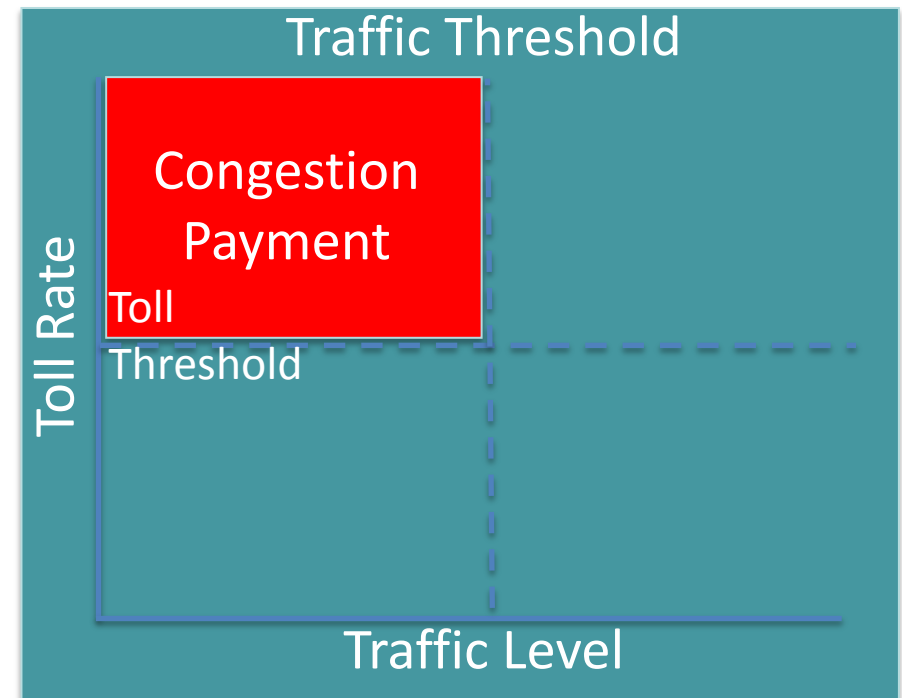
- ◆ Rates vary by time of day, day of week and zone of highway
- ◆ Average revenue per trip: **2014** \$7.44, **2013** \$6.96, **2012** \$6.39, **2011** \$5.89, **2010** \$5.44
- ◆ 2016 toll rate changes reflect differences in AM and PM values

Regular Zone QEW to Highway 401 Highway 427 to Highway 404		Light Zone Highway 401 to Highway 427 Highway 404 to Brock Road		Entire Highway		
PEAK PERIOD Weekdays: 6am-7am & 9am-10am 3pm-4pm & 6pm-7pm	PEAK HOURS Weekdays: 7am - 9am & 4pm - 6pm	PEAK PERIOD Weekdays: 6am-7am & 9am-10am 3pm-4pm & 6pm-7pm	PEAK HOURS Weekdays: 7am - 9am & 4pm - 6pm	MIDDAY Weekdays: 10am - 3pm	MIDDAY Weekends & Holidays: 11am - 7pm	OFF PEAK PERIOD Weekdays: 7pm - 6am Weekends & Holidays: 7pm - 11am
AM RATE: 33.00 ¢/km	AM RATE: 37.54 ¢/km	AM RATE: 31.37 ¢/km	AM RATE: 35.67 ¢/km	28.33 ¢/km	25.95 ¢/km	21.62 ¢/km
PM RATE: 34.24 ¢/km	PM RATE: 38.90 ¢/km	PM RATE: 32.55 ¢/km	PM RATE: 36.97 ¢/km			

The Heavy Vehicle Rate** for vehicles over 5,000 kg (large trucks and buses) is two times the Light Vehicle Rate. The Heavy Multiple Unit Vehicle Rate** (tractor trailers) is three times the Light Vehicle Rate.

SCHEDULE 22 OF THE CONCESSION AND GROUND LEASE AGREEMENT

- ◆ 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.
 - Schedule 22 includes the concept of a Congestion Payment to ensure traffic relief in the corridor.
 - Sets minimum traffic levels (Traffic Thresholds) for each segment and direction, base 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.



407 ETR has
invested over \$1.6
billion since 1999



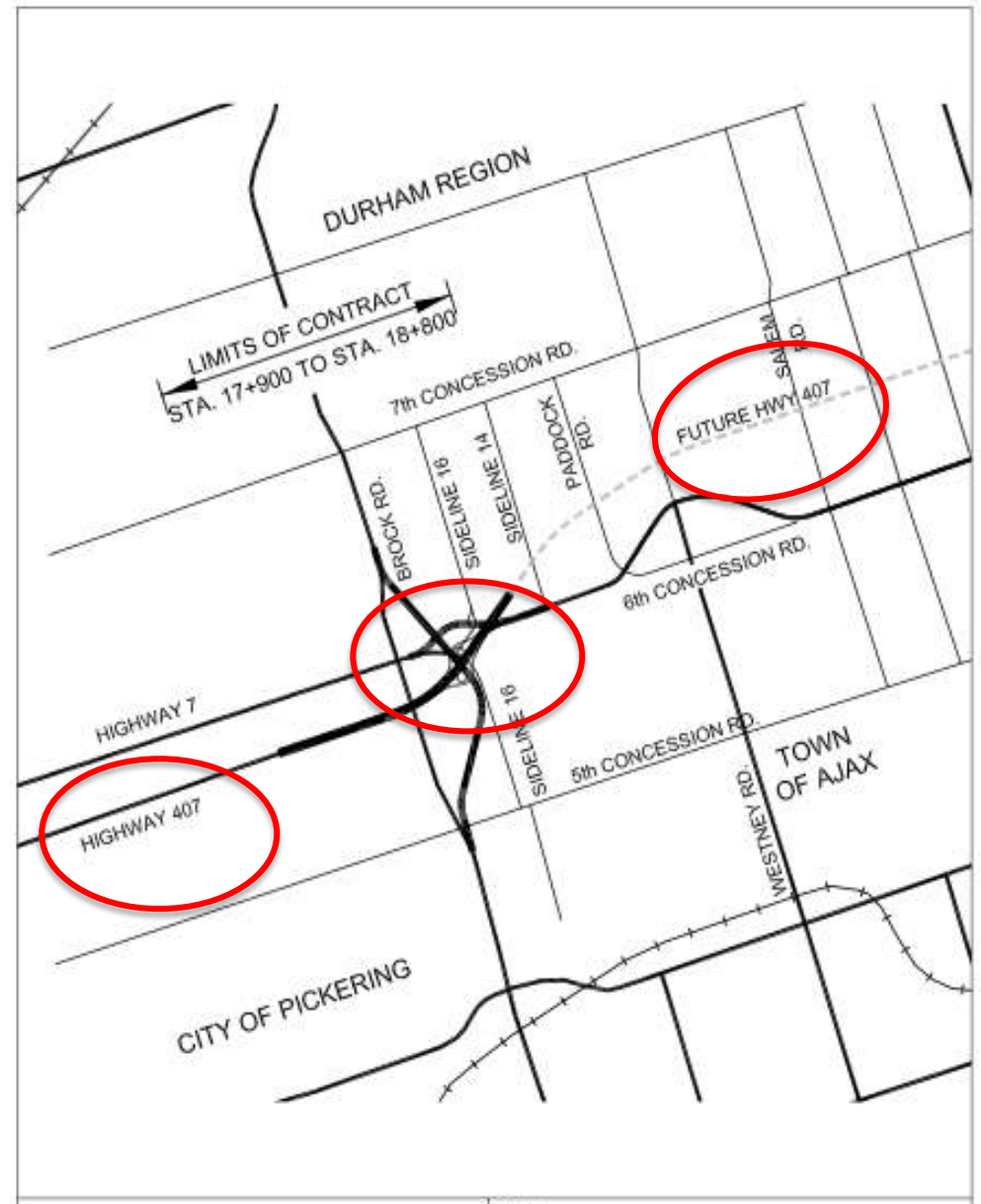




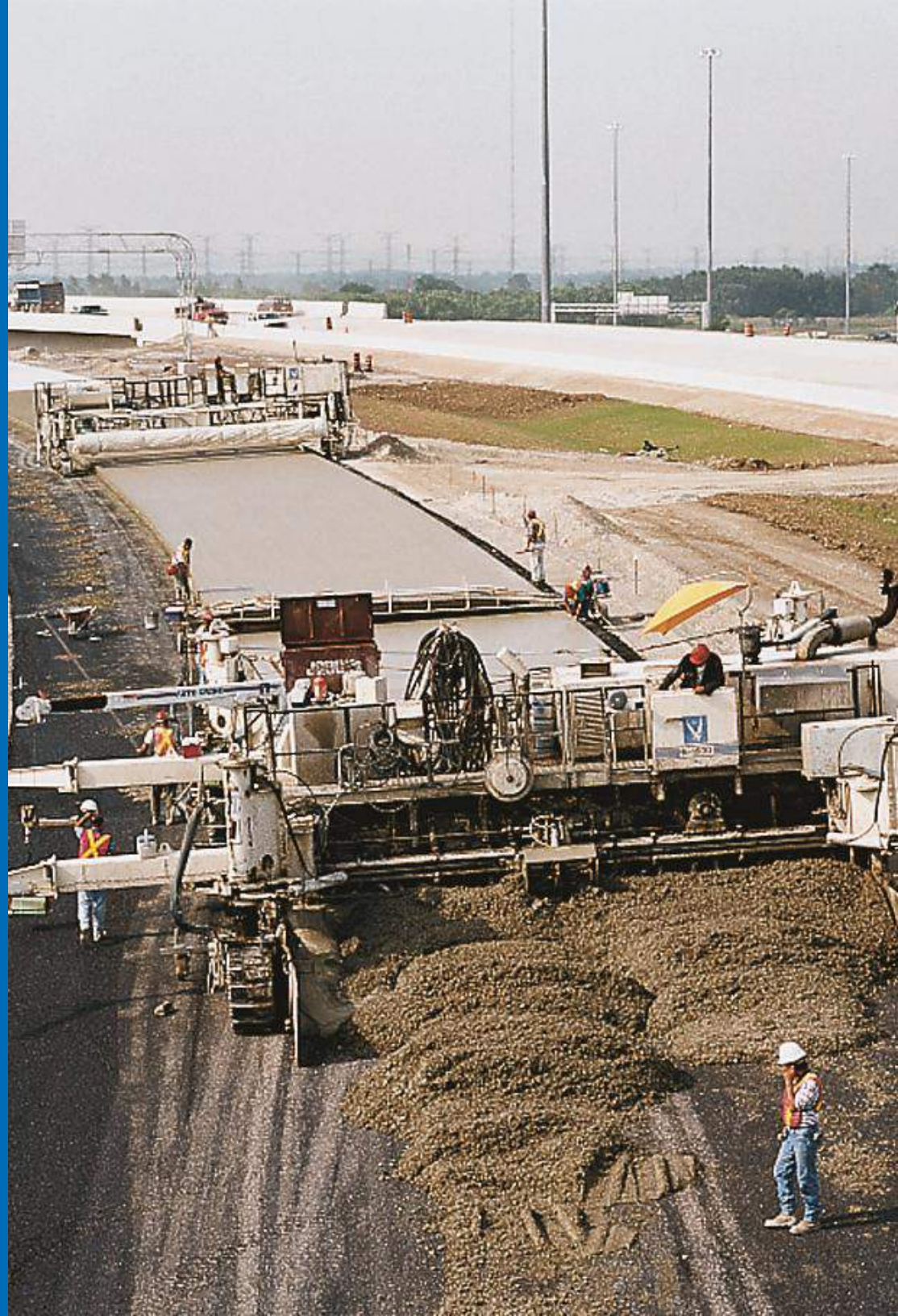
ROADSIDE COMMUNICATIONS – SAFE DRIVING

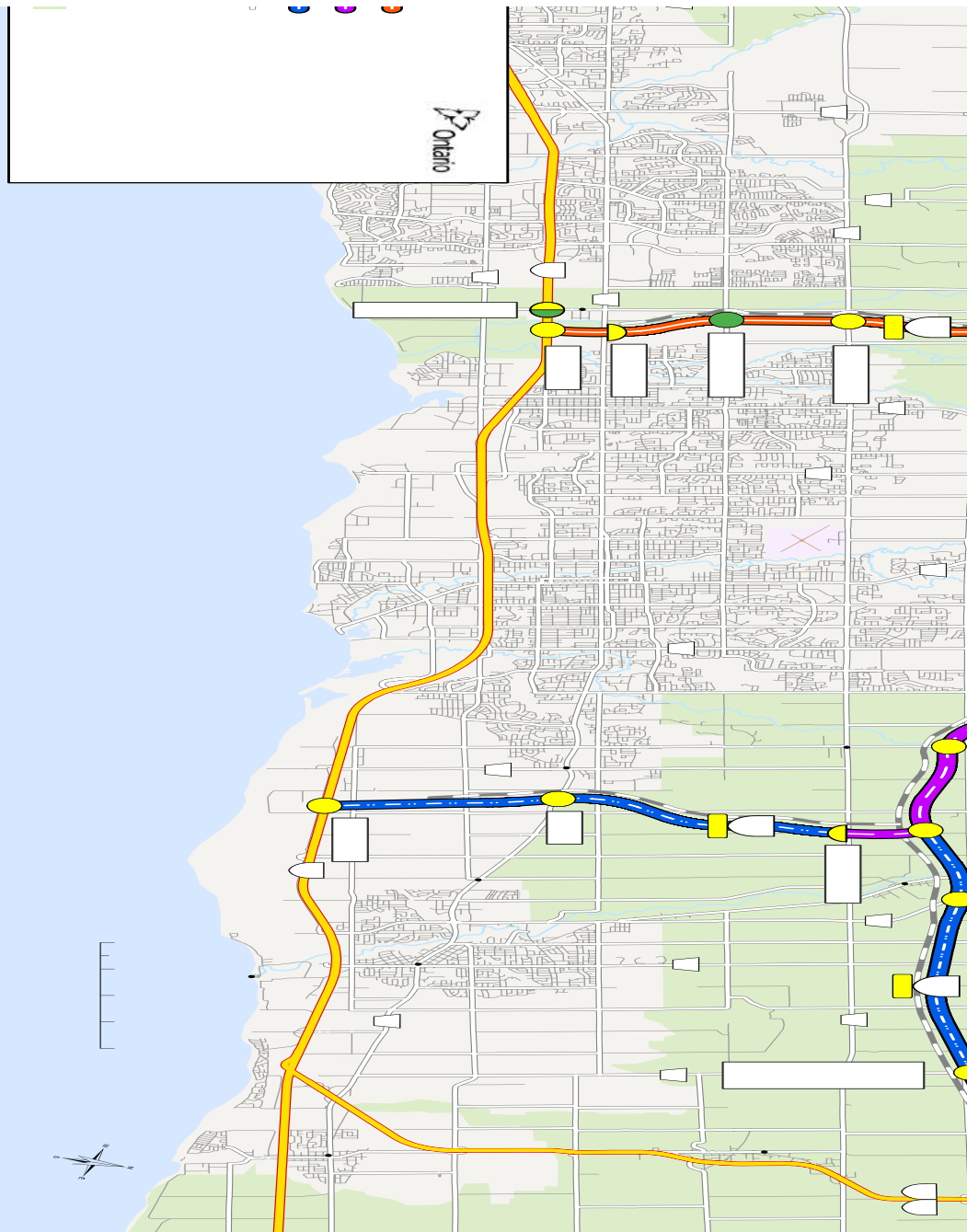


BROCK ROAD CONNECTION



Highway 407 East Extension Project Phase 1, 2A, and 2B





407 ETR
Express Toll Route

407 ETR - Highway Concession

cintra
CPP INVESTMENT BOARD
SNC-LAVALIN

- 108 kilometres
- Traffic Risk

407east
Express Toll Route

407 East - Phase I

cintra SNC-LAVALIN

- 30 kilometres
- Availability payment and maintenance contract

blackbird
infrastructure group

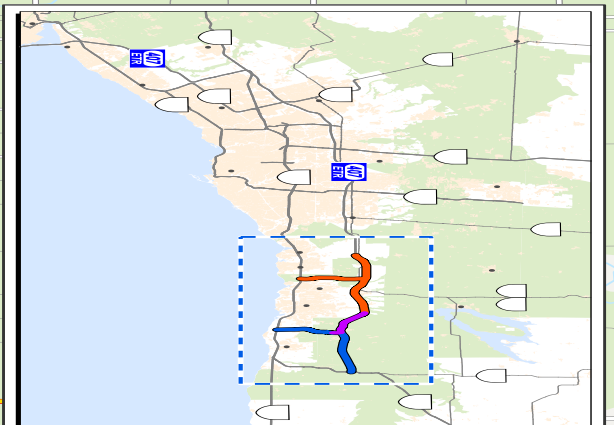
407 East - Phase II

cintra **CRJ**

- 32 kilometres
- Availability payment and maintenance contract

Cantoll

A subsidiary of 407 International.
- Tolling, back office, and customer service





Highway 407 East Project

- Phase 1
- Phase 2A
- Phase 2B



407 ETR - Highway Concession

- 108 kilometres
- Traffic Risk

407 East - Phase I

- 30 kilometres
- Availability payment and maintenance contract

407 East - Phase II

- 32 kilometres
- Availability payment and maintenance contract

Cantoll

A subsidiary of 407 International.

- Tolling, back office, and customer service

PHASE 1 AND 2 OF HIGHWAY 407 EAST CANTOLL WHAT ARE WE DOING TO SERVE



407 East - Phase I



407 East - Phase II



- 30 kilometres
- Availability payment and maintenance contract



- 32 kilometres
- Availability payment and maintenance contract

Cantoll

A subsidiary of 407 International.

- Tolling, back office, and customer service

Transponder Lease and Transponder Management	Province sets tolls and fees and retains revenues for Phase 1 and Phase 2. Cantoll provides contracted services on fee for service basis based on Provincial standards
Single Billing, Single Bilingual Call Centre	
Account Management, Collections	
Website, In-person Customer Service	

**All Maintenance,
Policing, MTO
Enforcement, Snow
Clearing and Signage
paid for through tolls**





REGULATORY FRAMEWORK – PLATE DENIAL

- ◆ When a customer does not pay their bill within a prescribed period of time, the Ontario Government will not allow the person to renew the license plate sticker required by law
- ◆ Targeted at people who refuse to pay their bills
- ◆ Necessary because there are no toll booths or barriers
- ◆ Can't restrict use, cut off service, etc. like other companies
- ◆ Used by Government before the sale, key part of sale agreement



NOT UNIQUE TO ONTARIO
SIMILAR PLATE DENIAL SYSTEMS IN PLACE IN OTHER JURISDICTIONS TO MAINTAIN OPEN ACCESS ROAD AND FAIRNESS TO ALL DRIVERS.

LICENCE PLATE DENIAL - DISCHARGED BANKRUPTS – MOORE CASE

- ◆ In October 2011, 407 ETR successfully litigated the *Matthew Moore v. 407 ETR* case in the Ontario Superior Court of Justice, which confirmed that licence plate denial under the *Highway 407 Act* 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 (BIA)*.
 2. Operational conflict between provincial law (*Highway 407 Act*) and federal law, the BIA.
- ◆ 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 licence 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 May 2014, 407 ETR was granted leave to appeal and several provinces participated as interveners as the question of provincial and federal jurisdiction vs. BIA was at issue

- ◆ The Supreme Court of Canada hearing took place in January 2015 and a decision was issued on November 13, 2015.
- ◆ The Court held that the licence plate denial provisions of the *Highway 407 Act* are superseded by the BIA. The effect of the decision is that pre-bankruptcy amounts owed by a customer discharged from bankruptcy must be released from licence plate denial.
- ◆ 407 ETR is implementing the *Moore* decision by contacting customers impacted by the decision, and making the required account adjustments.

PLATE DENIAL - DISCHARGED BANKRUPTS – PROPOSED CLASS ACTION

- ◆ 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 licence plate denial to pre-bankruptcy amounts owed by customers discharged from bankruptcy).
- ◆ The class action remained at an early stage pending the outcome of the recently decided *Moore* case (described above).
- ◆ 407 ETR intends to vigorously oppose the class action.
- ◆ The next steps in the proposed class action is for the plaintiffs to seek ‘certification’ from the Ontario Superior Court of Justice. Based on a five-part certification test to be satisfied by the plaintiffs, the Court decides whether the action can ‘certified’ proceed as a class action.
- ◆ The ‘certification’ motion will occur in the second half of 2016 with a decision by the Court to follow.
- ◆ It is not expected that the final outcome of either the Supreme Court of Canada decision in the *Moore* case or the final determination of the proposed class action will materially affect the Company’s financial position.

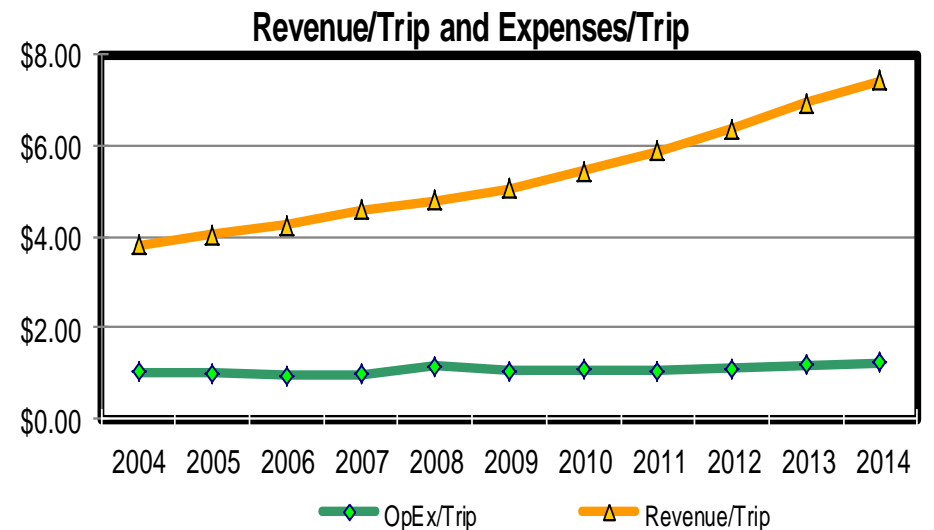
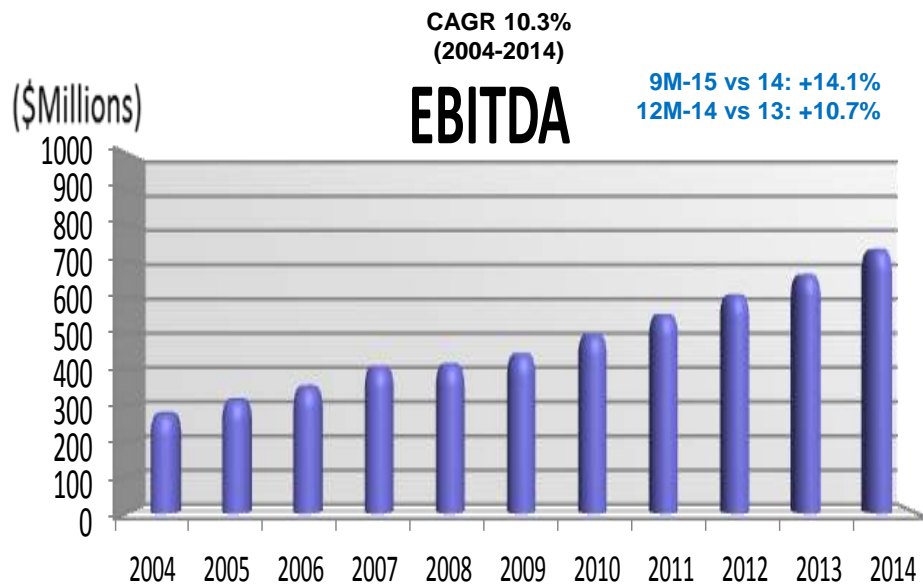
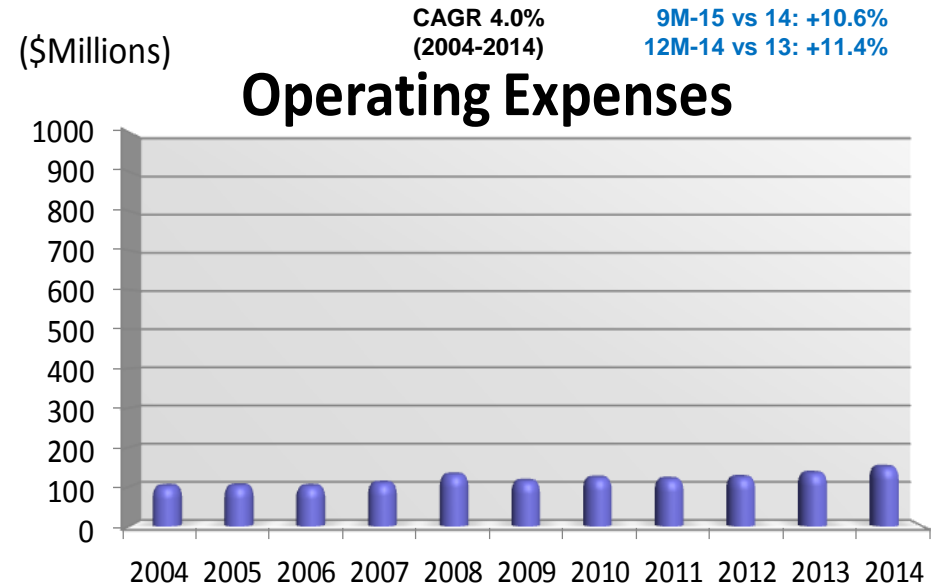
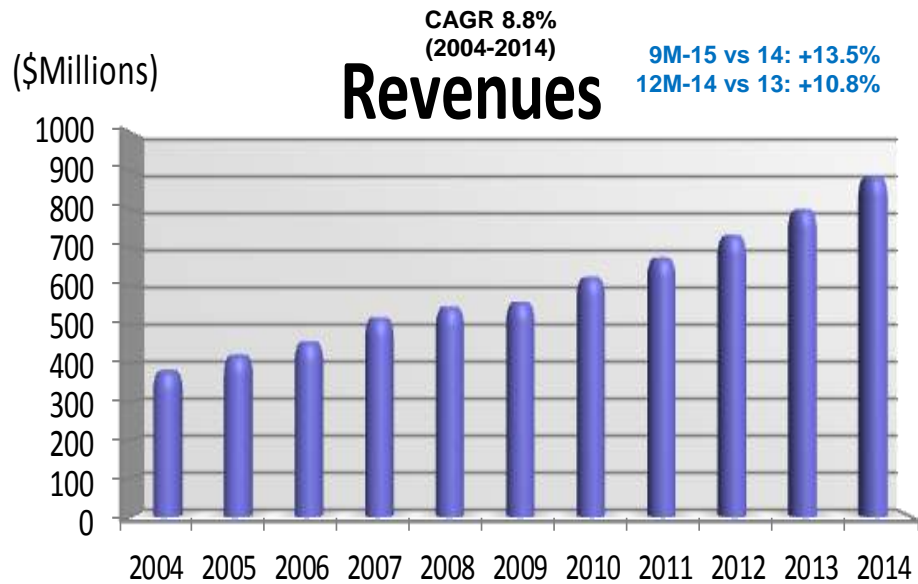


LIMITATIONS ACT - COLLECTIONS

- ◆ 407 ETR transponder lease and invoice terms provide for a 15-year limitation period to commence legal proceedings for toll debts.
- ◆ In a decision released in November 2014 (with Supplementary Reasons released in July 2015) – a judge of the Ontario Superior Court determined that, under the Ontario *Limitations Act*, 407 ETR has two years from the date of licence plate denial to commence legal proceedings for toll debts owed by personal transponder or video customers.
- ◆ The effect of this decision is that 407 ETR would have approximately 2 years and 4 months from the date of an invoice to commence a law suit. 407 ETR believes this is too soon, and would in some cases , require the Company to commence a lawsuit against a customer before it is known whether licence plate denial under the *Highway 407 Act* has been effective.
- ◆ 407 ETR is appealing this decision to the Ontario Court of Appeal. A decision is expected by the Court sometime in 2016.
- ◆ It is not expected that the final outcome of this decision or any appeal outcome will materially affect the Company's financial position.



KEY FINANCIAL INDICATORS

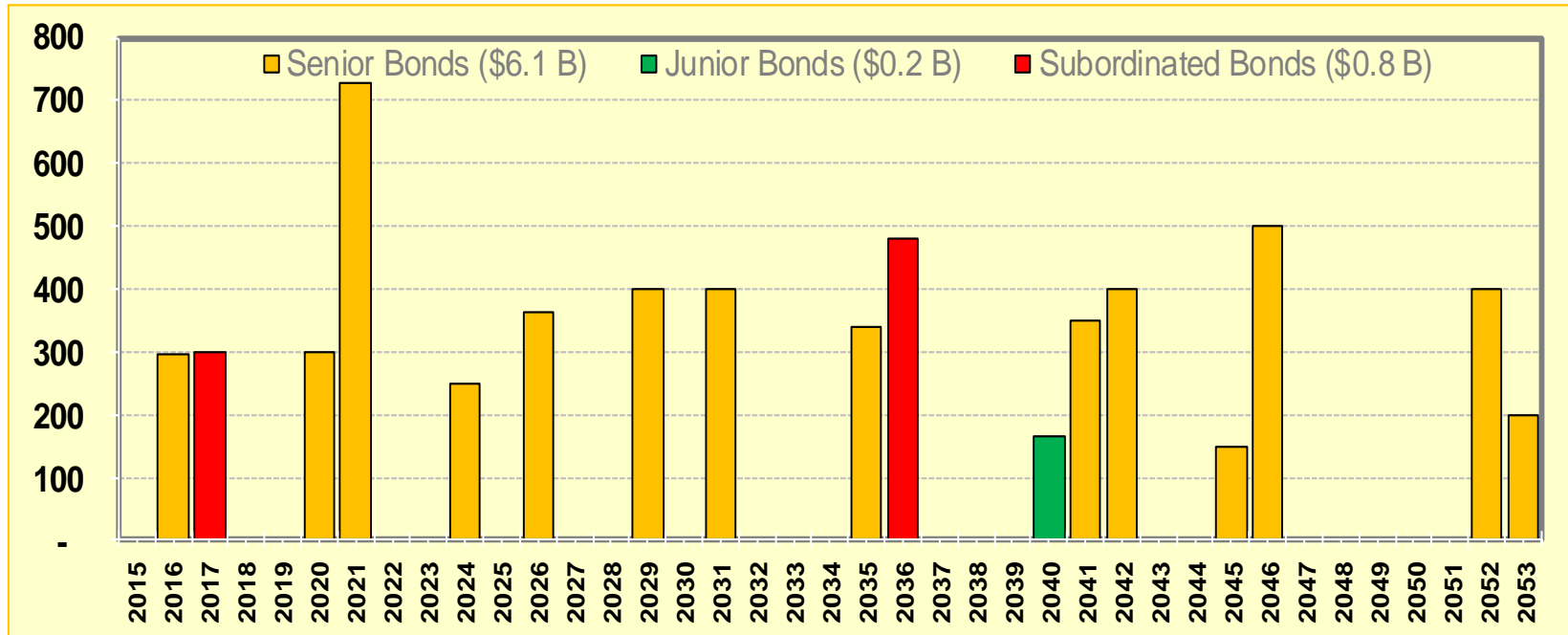


Significant Growth
within a secure
investment environment



407 ETR
Express Toll Route
FAST. SAFE. RELIABLE.

BOND MATURITY PROFILE



Debt Rating: (December 2015)

Senior/Junior/Subordinated Bonds
A/A(low)/BBB, Stable Trend for all bonds



“The major routes that compete with Highway 407 (i.e. Highway 401, Highway 403 and the QEW) are often severely congested, providing commuters with strong incentives to use Highway 407. Heavy urbanization of areas to the north and south of the Highway 407 corridor make a competing highway development of any significant size very expensive and highly unlikely”.



Debt Ratings: (February 2015)

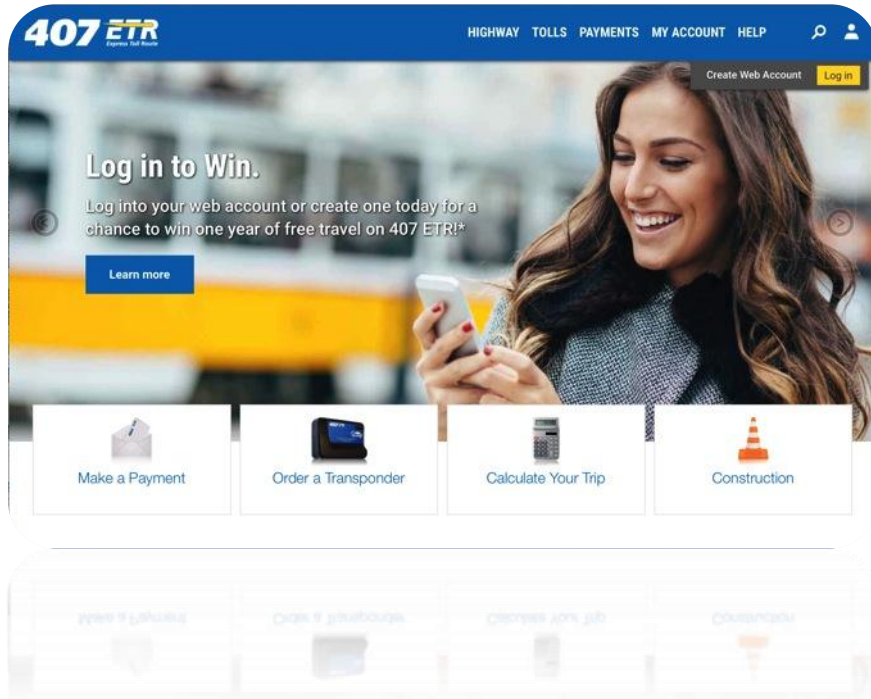
Senior/Junior/Subordinated Bonds
A/A-/BBB, Stable Outlook

“In our opinion, 407 has a strong competitive position, given the road's good rationale, excellent organic growth drivers, and relatively high proportion of commuter traffic”

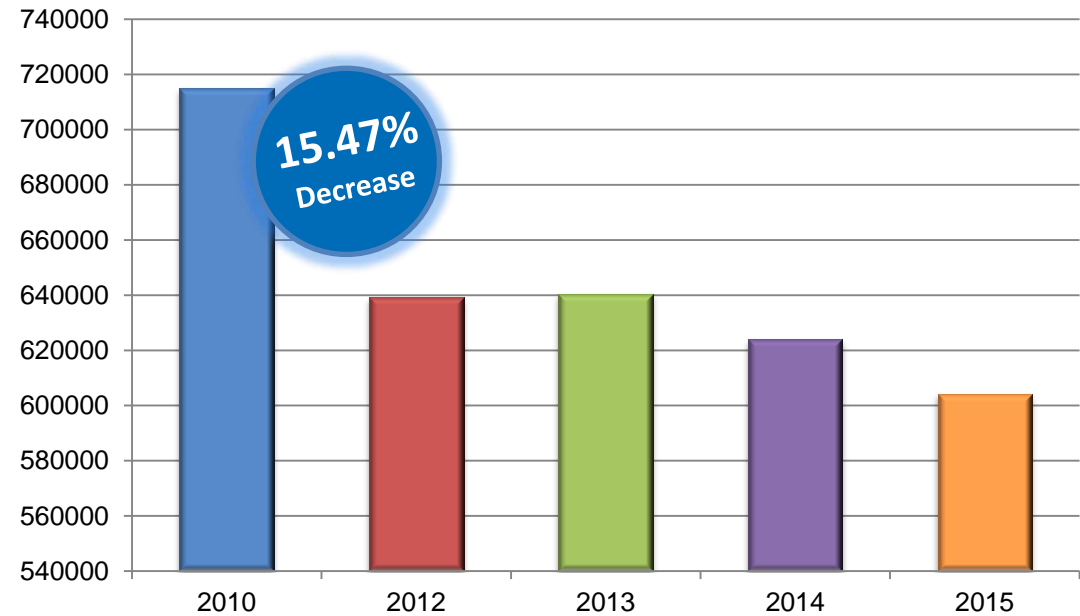
**Customer Marketing,
New Billing,
Research, Awards,
Rewards, Donations
and Sponsorship**



THE TRANSITION TO SELF-SERVE




Customer Calls 2010, 2012-2015



- Reduced customer calls as a result of the enhancements to the self-service account options available at 407etr.com and the efforts made to convert users.

OLD INVOICE



Total amount due: \$115.00

Please pay promptly. To save time and money, sign up for pre-authorized payment today!

Account summary


Amount of previous bill	\$464.11
Payment received 20 May 15	-\$464.11
Previous balance due	\$0.00
Toll charges (incl. \$7.20 in trip tolls)	\$111.45
Other new charges	\$3.55
Total new charges	\$115.00
Total amount due	\$115.00

Fill up on savings with 100 free km!
Sign up today for paperless billing and pre-authorized payment and you'll get 100 free kilometres! Visit www.407etr.com for details.

Tear off here ----- Page 1 of 3
CLI 0012

Account number: _____
Total amount due: **\$115.00**
Amount paid: \$

NEW INVOICE



Your 407 bill

Snapshot of what you owe
See page 2 for details

Balance from your last bill	\$0.00
This month's charges	\$24.91
Total amount due	\$24.91

To ensure your payment is reflected on your next invoice, please pay by Feb 19, 2016.

YOU NEED TO KNOW

New toll rates and fees
Effective February 1, 2016, new toll rates and fees will apply. See insert included with this bill or visit www.407etr.com for details.

You have Camera Charges this month
Your bill includes charges of \$8.00 for trips recorded by camera. If you make more than six trips a year using a transponder, you save money. Visit www.407etr.com for details.

For answers to most common billing questions, visit www.407etr.com.


Check your account

GO ONLINE:
www.407etr.com to access your account anytime.

CALL US:
1-888-407-0407 to speak to a representative Mon-Fri, 8:30am to 4:30pm. Or press 1 for 24-hour self-service.

VISIT US:
6300 Steeles Avenue West, Woodbridge
Mon-Fri, 8:30am to 4:30pm.

Page 1 of 2



New plates? New address? New car?
Visit www.407etr.com to update your account information within 6 days of the change or call 1-888-407-0407.


Your account number:
Bill date:

Total amount due	\$24.91
Please pay by	Feb 19, 2016

Total amount paid \$

You can pay at www.407etr.com 24-hours-a-day, 7-days-a-week or call 1-888-407-0407.

30



NEW INVOICE BILL INSERT



Reading your new 407 bill

Your bill has a new look! 407 ETR has redesigned customer bills to make viewing your trips, charges and savings even easier. This guide will walk you through some of the key features you can expect on your next invoice.

1. Billing information:
This section shows the period of travel covered in the bill and the bill issue date.

2. Account details:
You need this information to manage your account online, over the phone or in-person. Create a free web account at 407etr.com for faster service on the web.

3. Bill summary:
This section displays any outstanding charges from the past month, charges for the current bill period, a payment due date and savings (where applicable).

4. Account management:
Here you will find three great ways to manage your 407 ETR account and other customer service needs.

5. Important notices:
Check here for special customer offers and important notices about your account and statement.

6. ETR Rewards:
Get details regarding your status in the ETR Rewards program, including the amount of gas savings and free kilometres you have earned.

Not a member? The more you drive, the more you can save! Be sure to visit 407etr.com for eligibility requirements and program benefit details.

2015-11-1

continued on reverse...



Your 407 bill
Bill date: Sep. 3, 2015
Bill period: Aug. 5, 2015 to Sep. 4, 2015
Mr. Joseph Sample
Account number: 123 456 789

Snapshot of what you owe
Balance from your last bill: \$0.00
This month's charges: \$553.95
Less ETR Rewards savings: -\$22.07
Total amount due: \$531.88

YOU NEED TO KNOW
You could win over \$25 off your next bill! Get more information on how to win the prize...
Sign up on savings only \$20 this week! Sign up now for savings only \$20 this week...
You are eligible for 407 ETR Rewards. You can earn up to \$100 in savings...
Visit us online at www.407etr.com

Check your account
GO ONLINE: www.407etr.com
CALL US: 1-800-468-5262
VISIT US: 407 ETR Service Centre

Payment options
407 ETR
407 ETR Service Centre
3000 Yonge Street, Scarborough, Ontario M1W 4X6

Invoice Front

Reading your new 407 bill continued...

7. Past balance:
View the total of your last bill, the payment amount as well as the date your payment was received.

8. Current charges:
An overview of charges for the month appears here.

9. Trip summary:
This section displays the number of trips made by each vehicle associated with your account, as well as the total kilometres travelled and cost per vehicle.

10. Trip details:
View the trip details of each vehicle on your account including entry and exit points, distance travelled, cost per trip and the time you entered the highway.

11. Payment options:
See this section for ways to submit payment to 407 ETR. Switch to pre-authorization for greater convenience.

Balance from your last bill
Total due on previous bill: \$0.00
Payments received: \$0.00
Total balance from your last bill: \$0.00

This month's charges
Total charges: \$483.95
Toll charges (ET & IRL per trip): \$30.00
Monthly maintenance: \$2.00
Account opening fees: \$2.00

Total Amount Due: \$531.88

Summary of trips billed this month

Your trip details
Have we saved 407 ETR Rewards? We've highlighted below you'll see that you've earned \$22.07 on the payment of your new invoice on page 4.

TRIP RECORDED BY TRANSPONDER (CONTINUED)

407 ETR
407 ETR
3000 Yonge Street, Scarborough, Ontario M1W 4X6

Payment options
Credit Card
Pre-authorization
Bank or Financial Institution

Invoice Back

Your new 407 ETR bill explained.

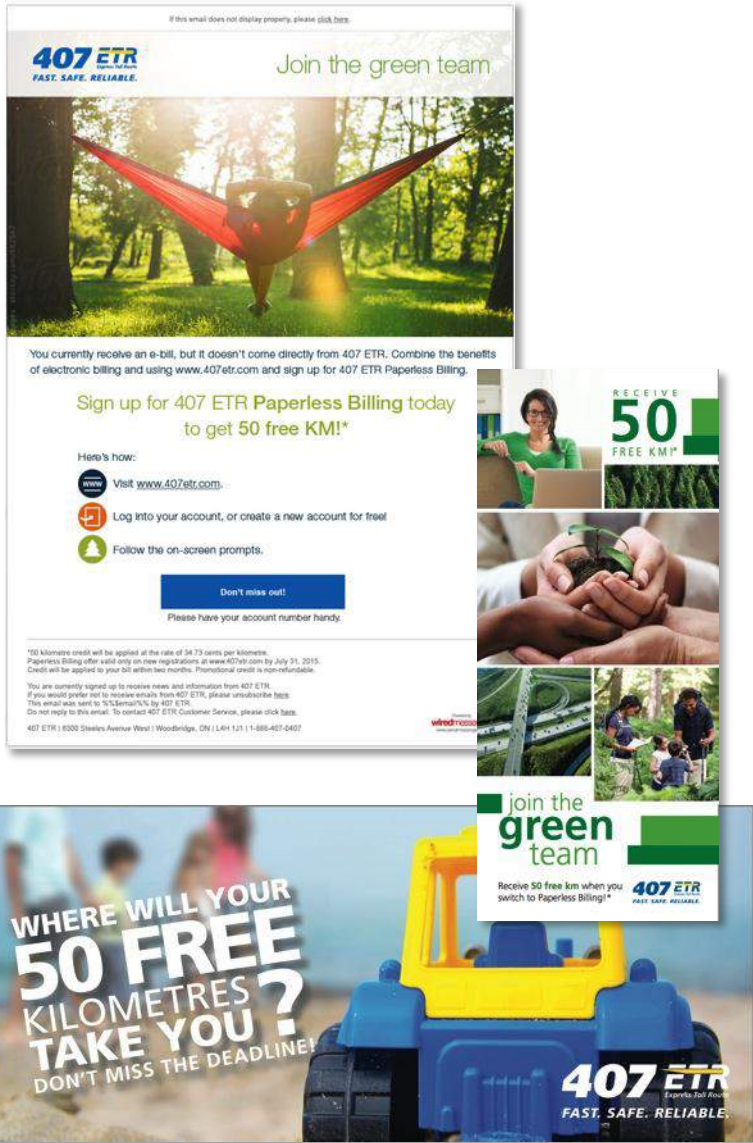
Recently redesigned to make navigation easier than ever.



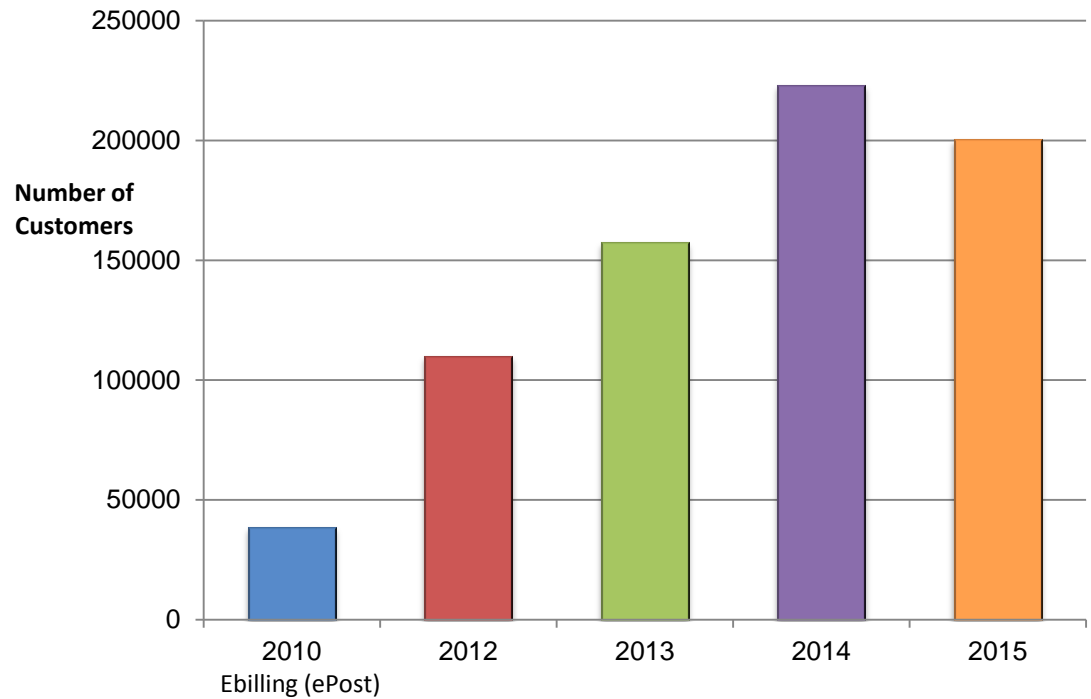
www.407ETR.com



PAPERLESS BILLING



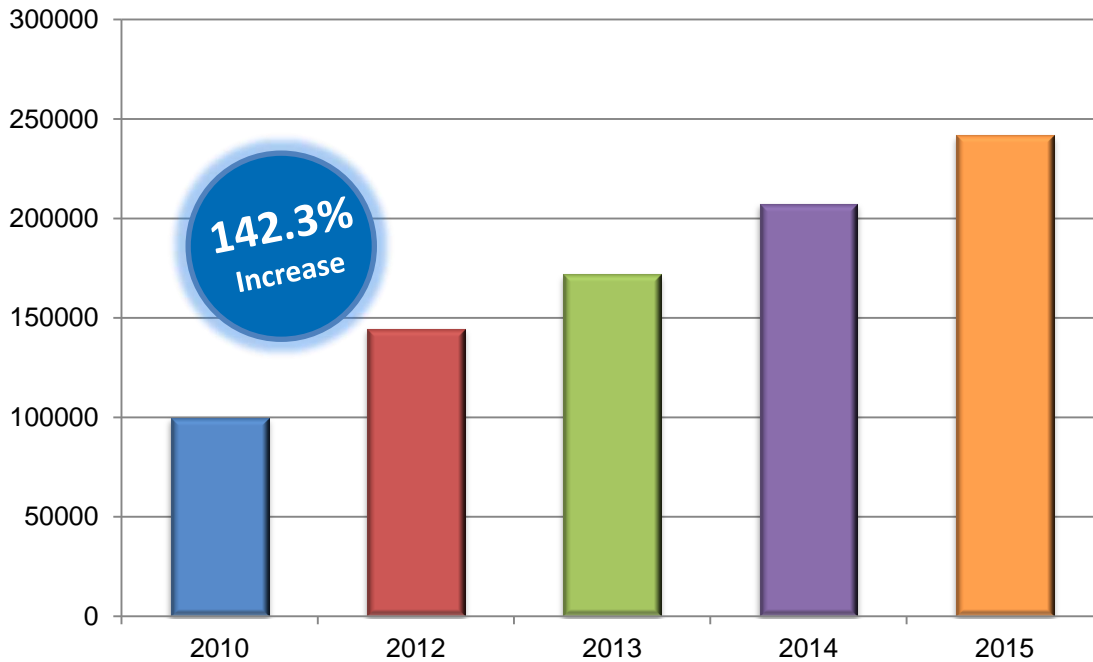
Paperless Billing 2010, 2012-2015



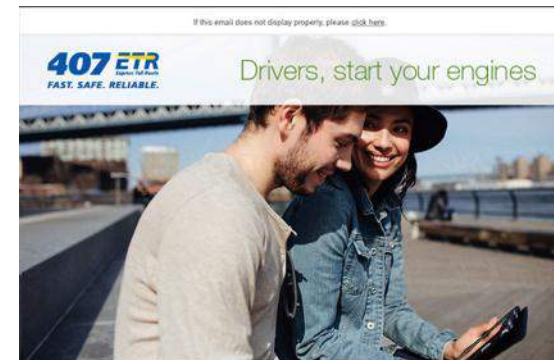
- Paperless billing at 407etr.com promoted via inserts/newsletter, emails, radio tags, sponsorship related print ads and web (everywhere).

PRE-AUTHORIZED PAYMENT

Pre-authorized Payment 2010, 2012-2015



- Scheduled, on-time, never late payments, promoted via inserts/newsletter, emails, radio tags and web.
- Recent “place-and-time” preauthorization prompt after payment has further increased adoption.



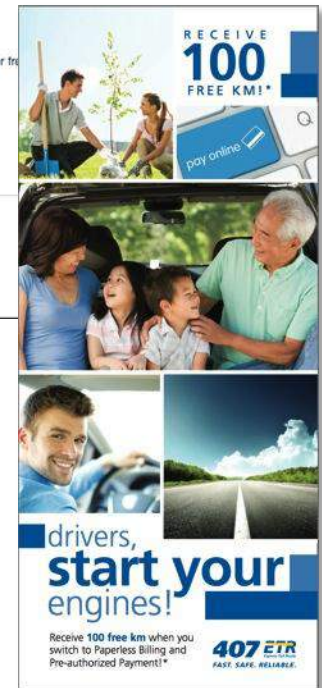
Receive 50 FREE KM* when you switch to Pre-authorized Payment!

Here's how:

- Visit www.407etr.com.
- Log into your account, or create a new account for free.
- Follow the on-screen prompts.

Don't miss out!
Please have your account number handy.

*50 kilometre credit will be applied at the rate of 34.73 cents per kilometre. Pre-authorized Payment offer valid only on new registrations at www.407etr.com by July 31, 2015. Credit will be applied to your bill within two months. Promotional credit is non-refundable. You are currently signed up to receive news and information from 407 ETR. If you would prefer not to receive emails from 407 ETR, please unsubscribe here. This email was sent to %Name% by 407 ETR. Do not reply to this email. To contact 407 ETR Customer Service, please click here. 407 ETR | 8300 Steeles Avenue West | Woodbridge, ON | L4H 1J1 | 1-888-427-0407



MAJOR AWARDS

- Winner of the 2008 Canadian Council for Public-Private Partnerships National Award for Excellence in Service Delivery
- ISO 9001:2008 Certified
 - 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
- Winner of 2010 Intelligent Transportation Systems Society of Canada's first ever New Canadian Commercial Technology/Innovation or Research and Development Award.
- Winner of multiple Service Quality Measurement Group awards for Call Centre Excellence and Leadership including First Call Resolution (the industry's most vital indicator), and Best Practices and a large group of certified World Class Customer Service Representatives.



SUPPORTING THE COMMUNITIES 407 ETR SERVES

SUPPORTING HOSPITALS in your community

As part of our community support programs, 407 ETR has, on behalf of our valued customers and dedicated employees, made contributions to several area hospitals. We thank our customers and staff for their support, and the hospitals for offering life-changing services to the communities we serve.



Mackenzie Health Foundation Mackenzie Health is a dynamic regional healthcare provider serving a population of more than half million people across York Region and beyond.

William Osler Health System Foundation William Osler Health System serves over 1.3 million people living in one of the fastest growing and most culturally diverse regions of Canada.

Sunnybrook St. John's Rehab at Sunnybrook is dedicated to specialized rehabilitation, rebuilding the lives of adults recovering from life-changing illness or injury.

Hamilton Health Sciences Foundation Hamilton Health Sciences supports six hospitals and a cancer centre that provide specialized medical services to a region of 2.6 million people.

Southlake Regional Health Centre Foundation Southlake Regional Health Centre is responsible for providing advanced care to more than a million people in York Region, Simcoe County, and surrounding areas.

Oakville Hospital Foundation Oakville Trafalgar Memorial Hospital offers state of the art healthcare with services ranging from emergency care to mental health to dialysis.

Markham Stouffville Hospital is a progressive community hospital with leading diagnostic services and patient care programs in acute care medicine, surgery, mental health and maternal/child health.

SickKids Foundation SickKids Hospital is the leading centre dedicated to improving children's health and home to Canada's largest hospital-based child health research institute.



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