The World’s First All-Electronic Open-Access Toll Highway

RBC Capital Markets

Emerging Trends in Debt Capital Markets for 2014

February 25, 2014
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 2013 Annual Information Form dated February 13, 2014, 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.
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.
TOLL SETTING “CONSTRAINT”

CGLA – Schedule 22

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, 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.
Effective February 1, 2014

### 2014 ZONE/PEAK TOLLING

#### Rates vary by time of day, day of week and zone of highway


#### 2014 toll rate increases reflect premium value of our highway at rush hour

<table>
<thead>
<tr>
<th>VEHICLE CLASS</th>
<th>Regular Zone QEW to Highway 410 Highway 427 to Brock Road</th>
<th>Light Zone Highway 410 to Highway 427</th>
<th>Entire Highway</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>PEAK PERIOD Weekdays: 6am - 7am &amp; 9am - 10am 3pm - 4pm &amp; 6pm</td>
<td>PEAK HOURS Weekdays: 7am - 8am &amp; 4pm - 6pm</td>
<td>MIDDAY Weekdays: 10am - 3pm</td>
</tr>
<tr>
<td>Light Vehicles*</td>
<td>28.30¢/km</td>
<td>30.20¢/km</td>
<td>24.06¢/km</td>
</tr>
<tr>
<td>(Cars/Minivans/SUVs)</td>
<td></td>
<td></td>
<td>22.25¢/km</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td>19.35¢/km</td>
</tr>
<tr>
<td>Heavy Vehicles**</td>
<td>56.60¢/km</td>
<td>60.40¢/km</td>
<td>48.12¢/km</td>
</tr>
<tr>
<td>(Large Trucks/Buses)</td>
<td></td>
<td></td>
<td>44.50¢/km</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>38.70¢/km</td>
</tr>
<tr>
<td>Heavy Multiple Unit Vehicles**</td>
<td>84.90¢/km</td>
<td>90.60¢/km</td>
<td>72.18¢/km</td>
</tr>
<tr>
<td>(Tractor trailers)</td>
<td></td>
<td></td>
<td>66.75¢/km</td>
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<tr>
<td></td>
<td></td>
<td></td>
<td>58.05¢/km</td>
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</tbody>
</table>
TRANSPONDER USAGE

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

**Transponders assist the company in maintaining a strong customer service relationship.**
KEY FINANCIAL INDICATORS

Revenues
CAGR 8.0%
(2008-2013)

Operating Expenses
CAGR 0.6%
(2008-2013)

EBITDA
CAGR 9.9%
(2008-2013)

Revenue/Trip and Expenses/Trip
BOND MATURITY PROFILE

Total Long-Term Debt: $ 6.2 billion

No more than 20% maturing over 24-month period

Issued in 2013
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 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
- Vehicle-to-Roadside-Communications (VRC) shaped antenna prototype under evaluation to enhance field of detection.
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.
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
  - 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.
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.
2014 MAINTENANCE PROGRAM: PRO-ACTIVE INSPECTIONS
2014 MAINTENANCE PROGRAM: PRO-ACTIVE REPAIRS
CUSTOMIZED SOLUTIONS – AUTOMATED MONITORING OF ROADSIDE EQUIPMENT

» 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.
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.
407 EAST: PHASE 1 – 407 EAST DEVELOPMENT GROUP
<table>
<thead>
<tr>
<th><strong>407 ETR /407 International</strong></th>
<th><strong>407 East Development Group – Phase 1</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>108 km (Burlington-Pickering)</td>
<td>22 km (Pickering-Oshawa + 10 km WDL)</td>
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<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

407 ETR to 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.
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.
NEW CUSTOMER ACQUISITION – TRIAL OFFER

Give freedom a test drive.

Your escape route from traffic.
407 ETR is the traffic congestion evacuation for over 380,000 trips every weekday.
- We save our drivers an average of 28 minutes a day.
- 407 ETR connects to all major GTHA highways.
- Reducing stop & go traffic also saves wear & tear on your engine and brakes, can improve fuel efficiency and reduce greenhouse gas emissions.
- To keep drivers mobile, we've extended the highway by more than 28 km and widened the roadway by adding over 380 km of new lanes across the highway.

$25 Flat Rate Three-Month Trial

A 407 ETR test drive couldn't be easier, more flexible or more affordable than this. For three months, use the highway as much as you want, wherever you want, for a fixed, flat rate of just $25 a month*. No hidden charges, no strings attached. See the difference choosing 407 ETR makes.

Visit www.FlatRate407ETR.com and enter your exclusive offer code (below) to begin enjoying the freedom of 407 ETR.

Your exclusive offer code: [Enter your code here]

*Available until further notice. ETR test drive is not available to customers already enrolled in any program. See www.FlatRate407ETR.com for full details. Prior to enrolling, all customers must review and agree to 407 ETR’s Terms of Service and Privacy Policy. 

407 ETR
Thank You!

Thank you for registering.
Your trial period begins immediately.
You will receive a confirmation email once your registration information has been verified.
If you have any further questions about this trial offer, please email
Communications@407etr.com

Take a look at just some of the savings you’re about to start enjoying as a 407 ETR driver.

- **Time**
  - Save an average of 26 minutes per day

- **Wear & Tear**
  - $5.10/1,000km saved

- **Fuel Economy**
  - 5% less fuel consumed

- **Quality of Life**
  - Lower overall stress levels

Useful Links
- Map
- Customer Video
- FAQs
- Ownership Info

© OpenStreetMap contributors. Tiles courtesy of MapQuest.
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

www.conferenceboard.ca
CUSTOMER EXPERIENCE VIDEO
THANK YOU
INVESTOR CONTACTS

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407 INTERNATIONAL SHAREHOLDERS

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

16.77%  
SNC-LAVALIN

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

30%  
Intoll  
Controlled by CPPIB

43.23%  
Cintra  
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
Phase One (22km): Extension of Highway 407 East to Harmony Road in Oshawa by 2015. 407 East will be 3 lanes in each direction up to the West Durham Link and then 2 lanes in each direction to Harmony Road.

Phase Two (23km): Extension of Highway 407 East to Highway 35/115 in Clarington by 2020. By 2017 there will be an interim interchange at Taunton Road for the East Durham Link.

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

407 Interchange  400-Series Interchange
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>
</thead>
<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.
**TESTED LEGAL/REGULATORY FRAMEWORK**

- **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