

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 9, 2012



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 2007, 2008, 2009, 2010 and 2011.
- » All financial amounts are shown in Canadian dollars unless otherwise indicated.
- » Additional information relating to 407 ETR and or 407 International, including the 2010 Annual Information Form dated February 17, 2011, 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.

THE MISSION AND VISION

THE HIGHWAY'S MISSION

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

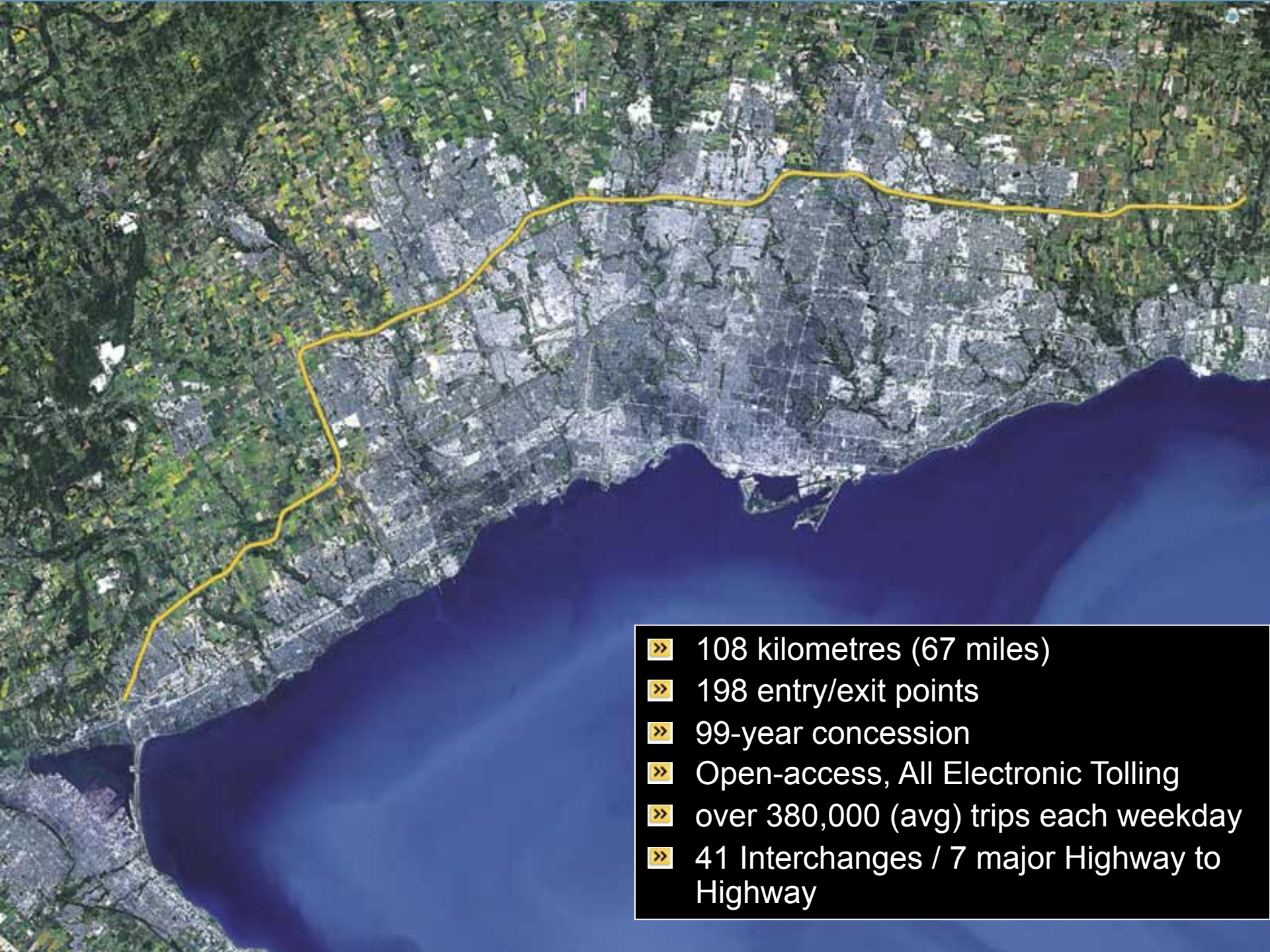
THE COMPANY'S VISION AND MISSION

VISION

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

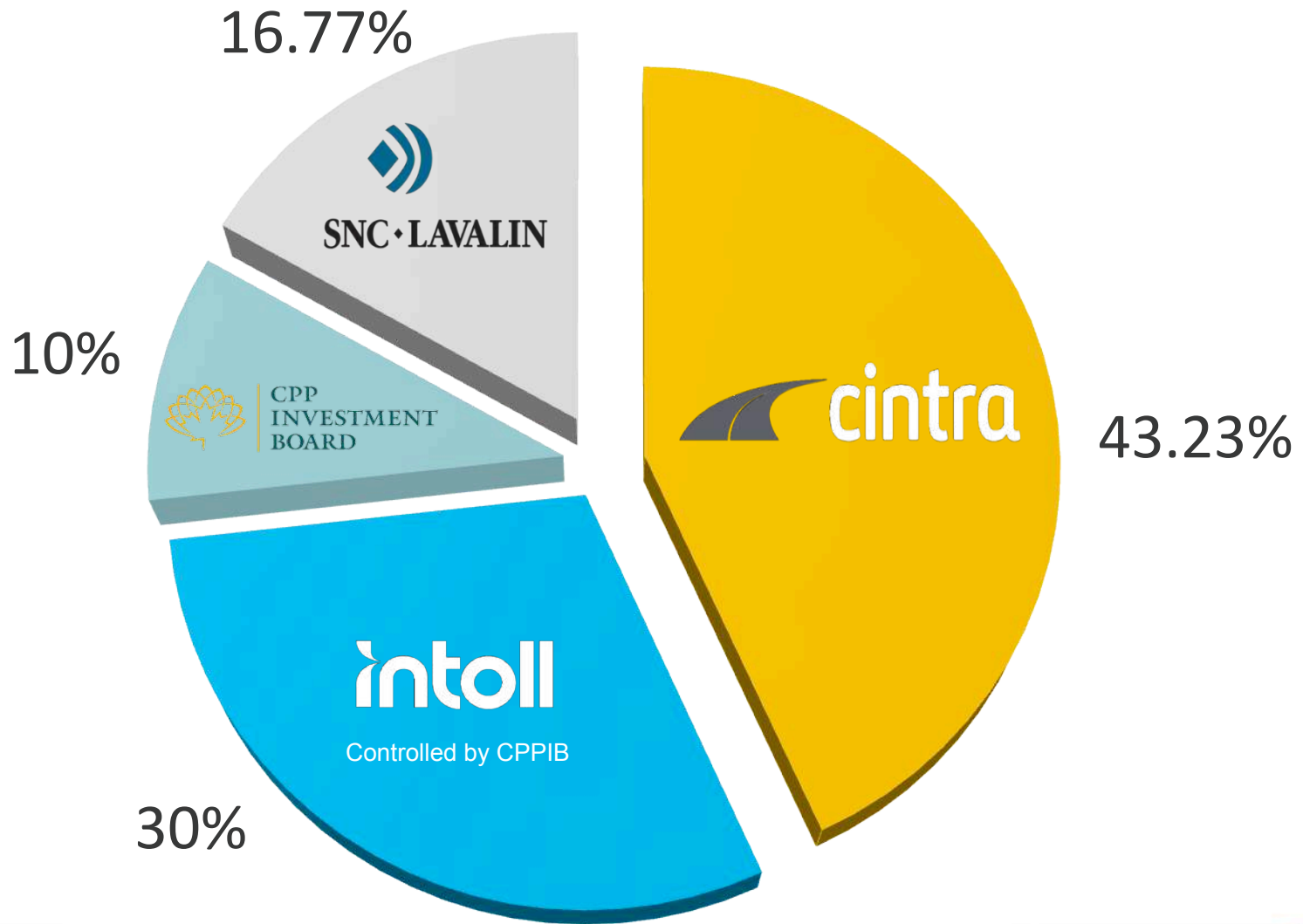
MISSION

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



- » 108 kilometres (67 miles)
- » 198 entry/exit points
- » 99-year concession
- » Open-access, All Electronic Tolling
- » over 380,000 (avg) trips each weekday
- » 41 Interchanges / 7 major Highway to Highway

407 INTERNATIONAL SHAREHOLDERS



5

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.

TESTED LEGAL/REGULATORY FRAMEWORK

» Concession and Ground Lease Agreement (available on 407etr.com)

- » 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 (Schedules to the CGLA, available on 407etr.com)

- » Police Services agreement with Ontario Provincial Police
- » Truck safety and vehicle registration enforcement by MTO

407 ETR

Express Toll Route
FAST. SAFE. RELIABLE.



Highway 407 ETR (1999)

68 km

Markham Road

403



East Partial Extension (2001)



15 km

Markham Road

7

West Extension (2001)



403

25 km

QEW

Expansions (2004)

New lanes added

One new lane in each direction (9km).

A total of 18 new lane kilometres.



Expansions (2006)

New lanes added

*One new lane in each direction
(23km). A total of 46 new
lane kilometres.*



Expansions (2006)

New lanes added

One new lane in each direction (2km).

A total of 4 new lane kilometres.



Markham Road
McCowan Road

Expansions (2007)

New lanes added

One new lane in each direction (23.5km).

A total of 47 new lane kilometres.

427

401

Expansions (2009)

New lanes added

One new lane in each direction (6.7km).

A total of 13.4 new lane kilometres.

Markham Road

York Durham Line

Expansions (2010)

New lanes added

One new lane in each direction (9.5km).

A total of 19 new lane kilometres.

404

Markham Road

Expansions (2011)

New lanes added

One new lane in each direction (13km).

A total of 26 new lane kilometres.

401



Trafalgar Road

Expansions (2012 planned)

New lanes to be added

*One new lane in each direction
(16km). A total of 32 new
lane kilometres.*



Expansions

Total lanes added

A total of 173.4 new lane kilometres.



<u>Expansion</u>	<u>Length</u>
401 - Trafalgar Road	26 km
401 - 410	18 km
401 - 427	47 km
427 - 404	23 km
404 - Markham Road	19 km
McCowan Road - Markham Road	4 km
Markham Road - York Durham Line	13 km
<i>Total kilometres added</i>	<i>173 km</i>

Improvements



Interchange: Donald Cousens Parkway;
Highway 407 eastbound and westbound
from Donald Cousens Parkway north to
Highway 7. (2004) *(5 kilometres)*

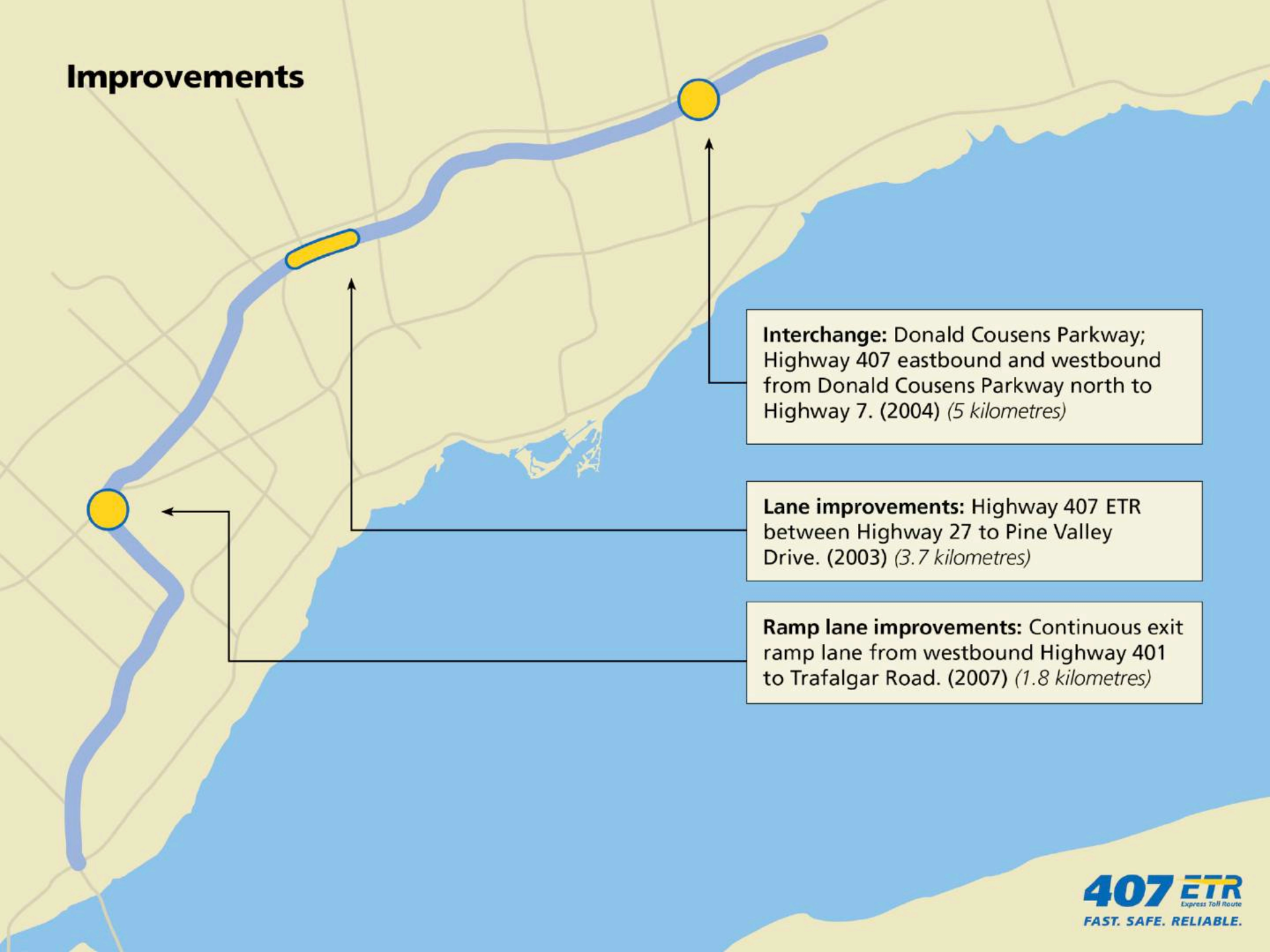
Improvements



Interchange: Donald Cousens Parkway; Highway 407 eastbound and westbound from Donald Cousens Parkway north to Highway 7. (2004) (5 kilometres)

Lane improvements: Highway 407 ETR between Highway 27 to Pine Valley Drive. (2003) (3.7 kilometres)

Improvements



Interchange: Donald Cousens Parkway; Highway 407 eastbound and westbound from Donald Cousens Parkway north to Highway 7. (2004) *(5 kilometres)*

Lane improvements: Highway 407 ETR between Highway 27 to Pine Valley Drive. (2003) *(3.7 kilometres)*

Ramp lane improvements: Continuous exit ramp lane from westbound Highway 401 to Trafalgar Road. (2007) *(1.8 kilometres)*

Improvements



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Lane improvements: Highway 407 ETR between Highway 27 to Pine Valley Drive. (2003) *(3.7 kilometres)*

Ramp lane improvements: Continuous exit ramp lane from westbound Highway 401 to Trafalgar Road. (2007) *(1.8 kilometres)*

Ramp lane improvements: Ramp to QEW. (2010) *(1 kilometre)*

***407 ETR has invested over
\$1.2 billion since 1999!***



CURRENT CUSTOMER BASE

- » Approximately **1.3 million paper bills** sent each month
 - » Down from **2 million bills**
- » Over **275,000 electronic bills** sent monthly
- » **685,000 calls** received in 2011 – answered in an average of **22 seconds**
- » Current call drivers
 - » billing inquiries
 - » transponder inquiries
 - » payments



Account Number: [REDACTED]
Bill Date: 18 Nov 11
Billing Period: 18 Oct 11 to 17 Nov 11

Account summary

Amount of previous balance	\$0.00
Payment received 17 Nov 11	-\$36.24
Previous balance due	-\$36.24
Toll charges (incl. \$2.00 in trip tolls)	\$11.94
Video toll charge	\$0.00
Annual transponder lease	\$21.50
GST / HST (#888411055)	\$2.80
Total new charges	\$36.24
Total amount due	\$0.00

Trip details

Date of trip	Entry time	Entry and exit points	Total distance (km)	Video toll charges (\$)	Trip & Toll charges (\$)	Total toll charges (\$)
09 Oct 11	8:49 pm	Hayward-Hwy403	72.8	4.92	4.92	
12 Oct 11	4:21 pm	Brent-Dundas	8.0	2.34	2.34	
19 Oct 11	4:21 pm	Brent-Dundas	8.0	2.34	2.34	
02 Nov 11	4:25 pm	Brent-Dundas	8.0	2.34	2.34	
Total			46.8	11.94	11.94	

Goodbye paper...Hello paperless billing!

With 407 ETR paperless billing, you can review, pay and save your 407 ETR bills from the convenience of your computer. Sign up today at 407etr.com and get 50 free km!

Tear off here PER000985_020402090_102 0511

Page 1 of 2

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

CIS 1/1/11



60 (M)

ETR REWARDS

- » **\$55 million** loyalty program in place since 2006
- » Program designed after significant customer market research and a four-month pilot
- » Benefits include 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 10 cents per litre off up to 150 litres of gas and 140 free weekend KM
- » Originally implemented as part of omnibus settlement with Province of Ontario in 2006 and continued by company after fulfilling settlement obligation



ROADSIDE SERVICES

- » Roadside Assistance Patrol helps stranded motorists (**979** customers assisted in 2011)
- » Highway maintenance ensures smooth, safe trips (7/24 control Center with CCTV coverage)
- » Corridor maintenance promotes clean, visual appeal
- » 407 ETR invested over **\$23M** in 2011 for highway maintenance



TRIPS

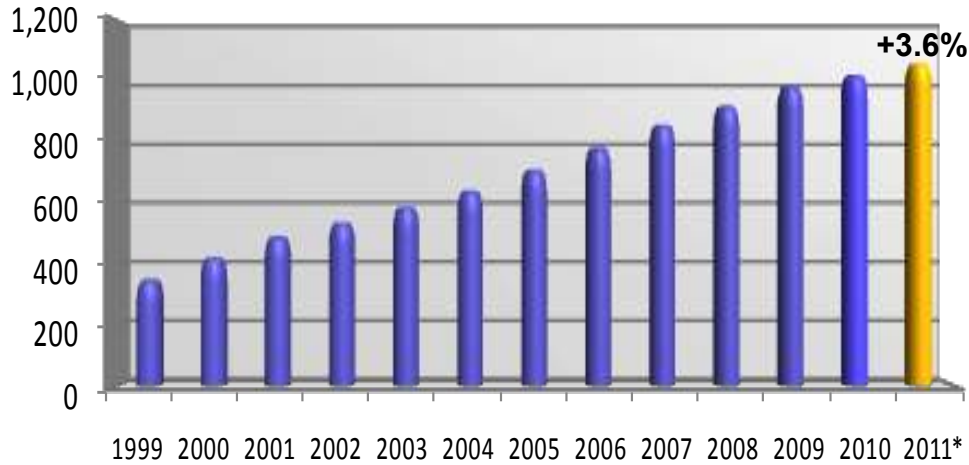
- » 395,000 average trips per workday in 2011 (9 months)
- » More than 460,000 trips on June 30, 2011 – a one day trip record!
- » Over 114 million trips and 2.3 billion VKT in 2010



Total VKT in 2010 equals 3,000 trips to the moon and back!

TRANSPONDER USAGE

Transponders in Circulation (000's)



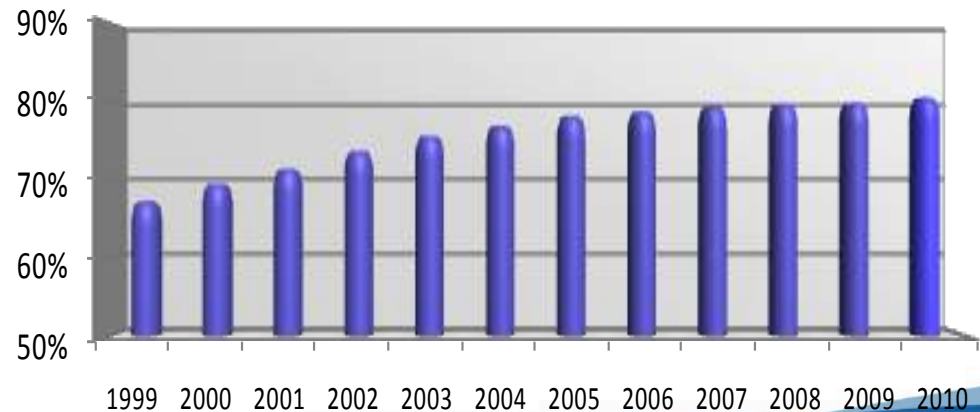
>> Promotions have increased the transponder penetration, thereby reducing corporate cost of pursuing payments for road usage.

>> **OVER 1,000,000 TRANSPONDERS**

* as of September 2011



Transponder Penetration Percentage



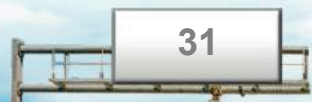
30

2012 ZONE/PEAK TOLLING

Effective February 1, 2012



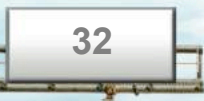
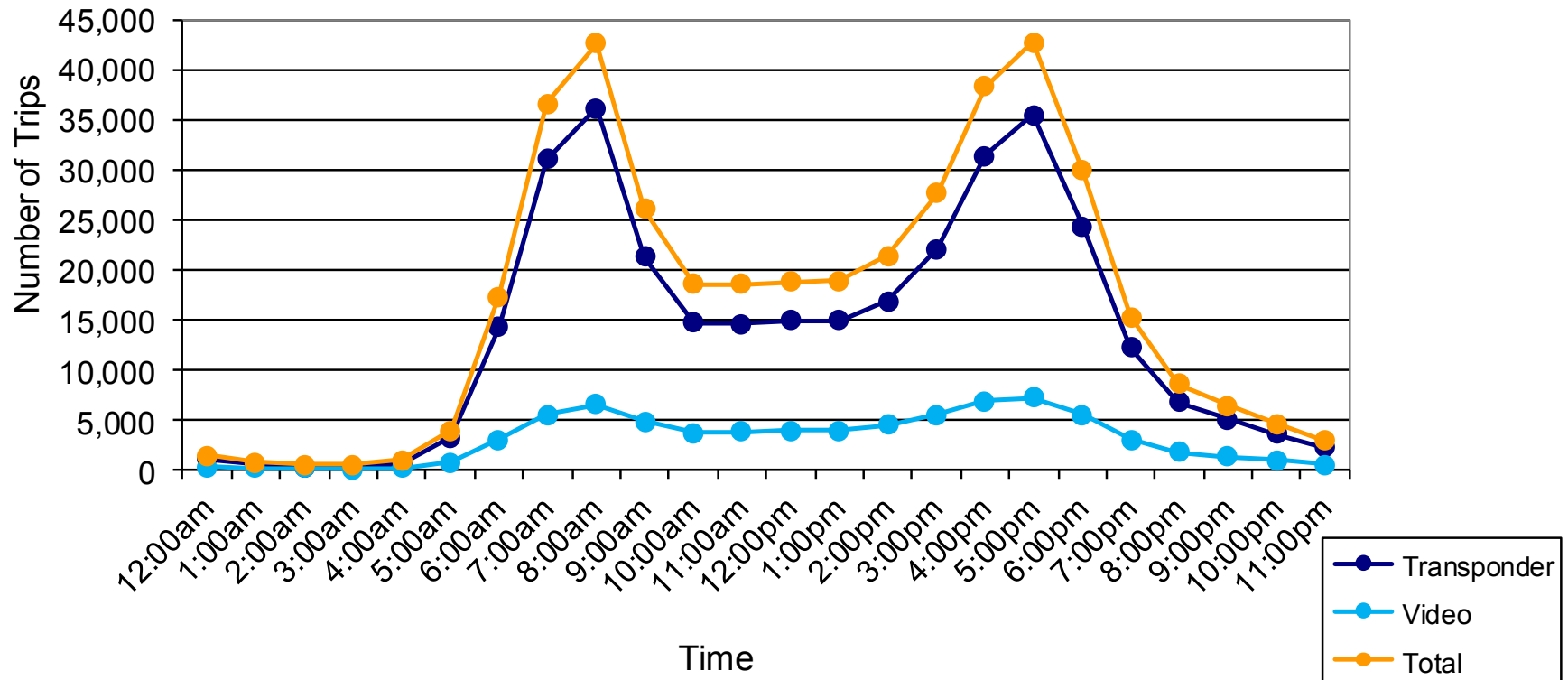
- >> Helps keep even the busiest section of the highway free flowing
- >> Customers can rely on 407 ETR for a fast trip when they need it



AVERAGE WEEKDAY HOURLY TRIPS

Average Weekday

Hourly Trips



DESCRIPTION OF TOLLING MECHANISM – SCHEDULE 22

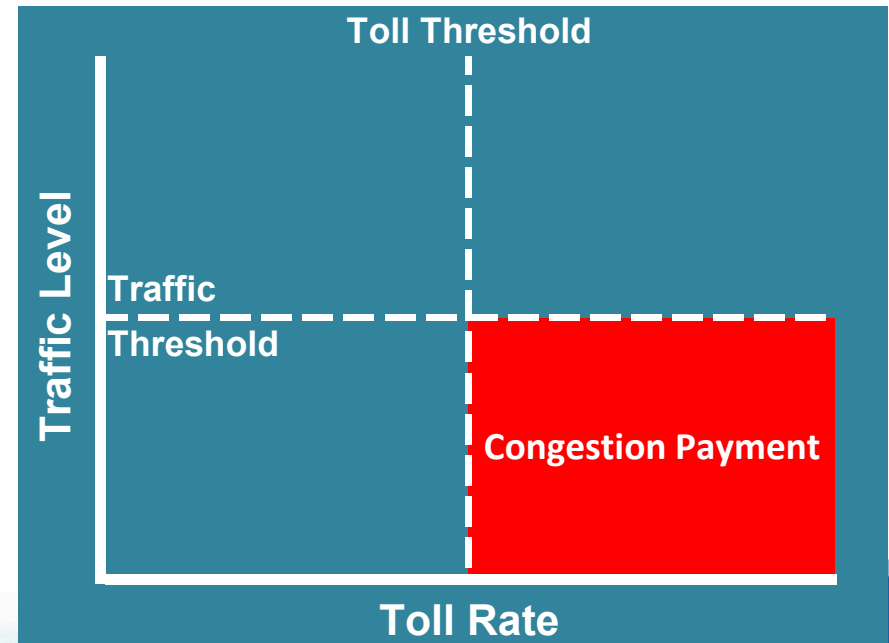
» Flexible Tolling Structure contingent on congestion relief

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 407 ETR, by direction and by hour.
- » Sets a minimum level of traffic (Traffic Threshold) 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.

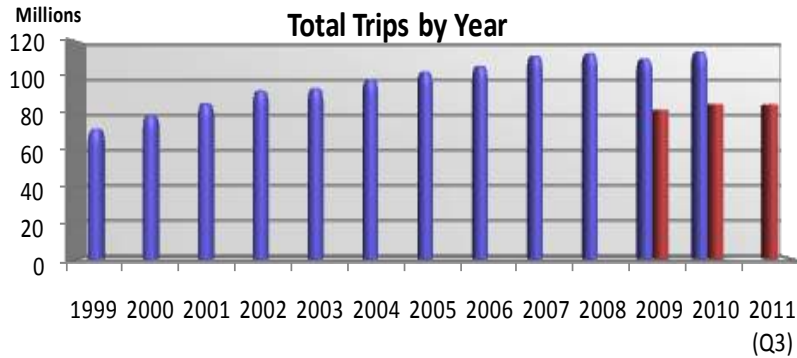
» Congestion Payment to the Government – only applies if tolls are raised beyond Toll Threshold and traffic level fell below Traffic Threshold.

» None expected in 2011.

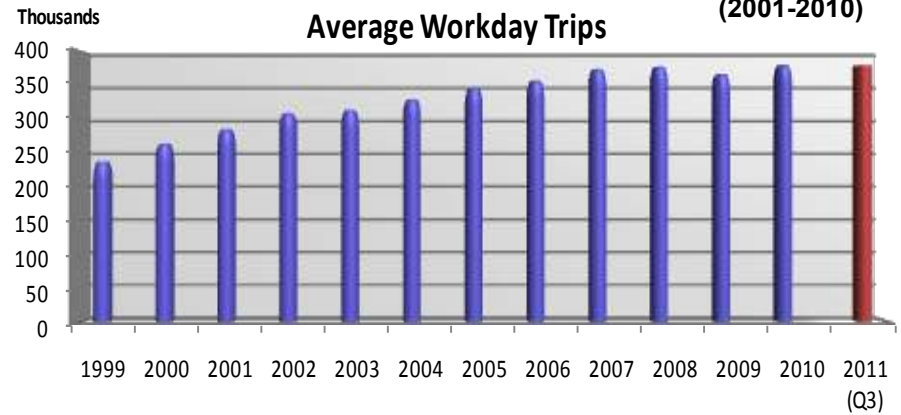


HISTORICAL TRAFFIC PERFORMANCE

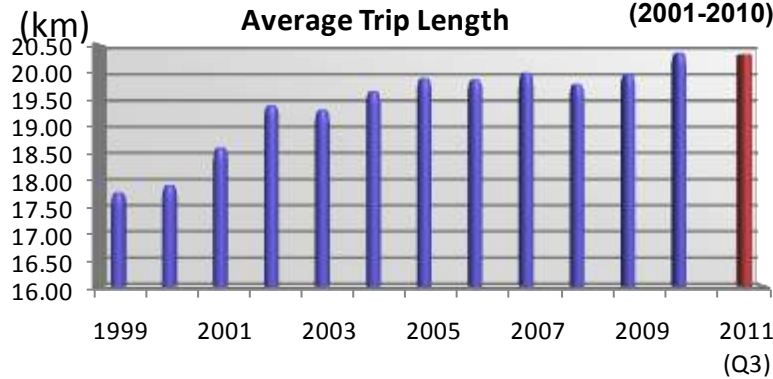
CAGR 3.2%
(2001-2010)



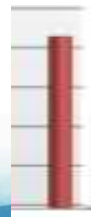
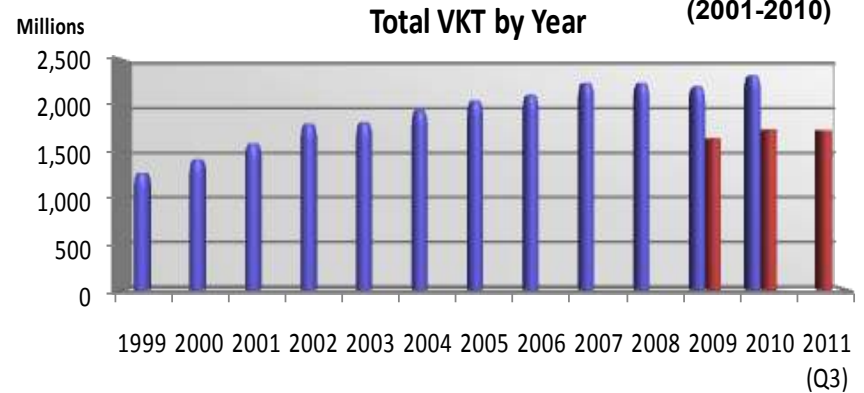
CAGR 3.3%
(2001-2010)



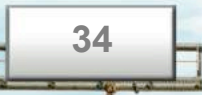
CAGR 1.0%
(2001-2010)



CAGR 4.3%
(2001-2010)



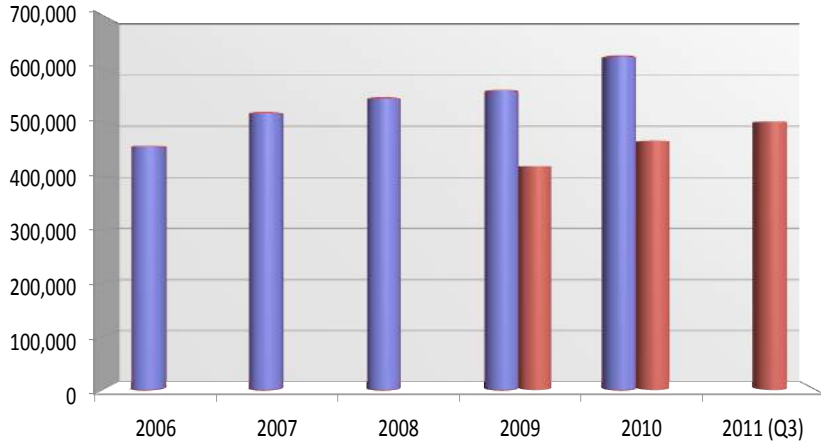
= Q3 DATA



KEY INDICATORS - FINANCIAL

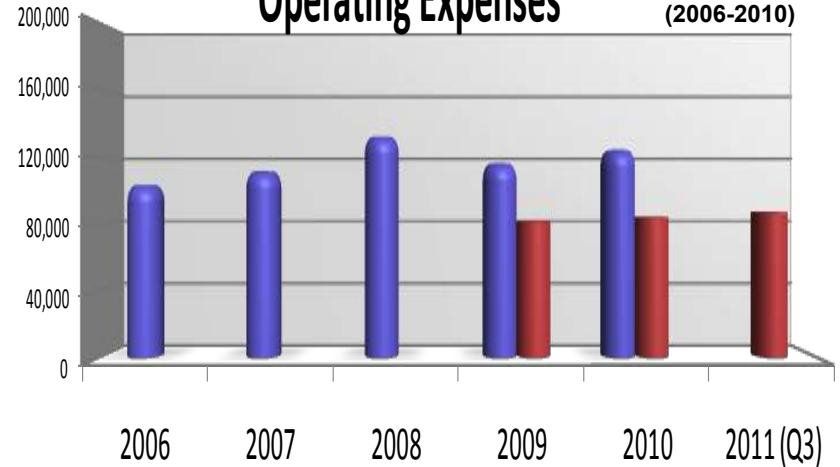
Revenues

CAGR 8.2%
(2006-2010)



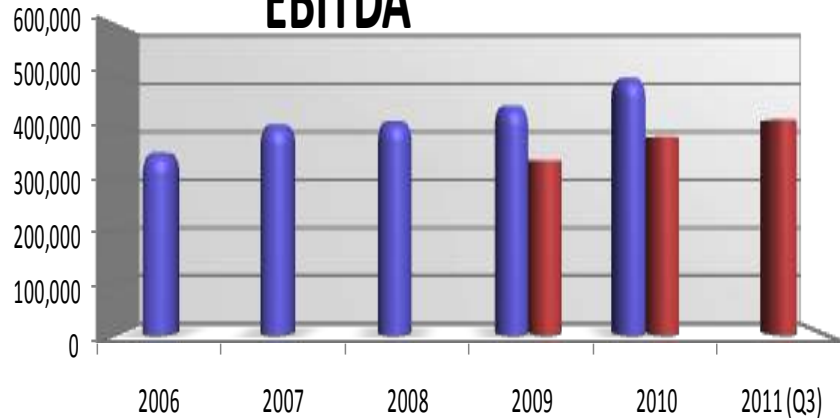
Operating Expenses

CAGR 4.8%
(2006-2010)

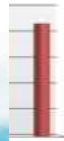
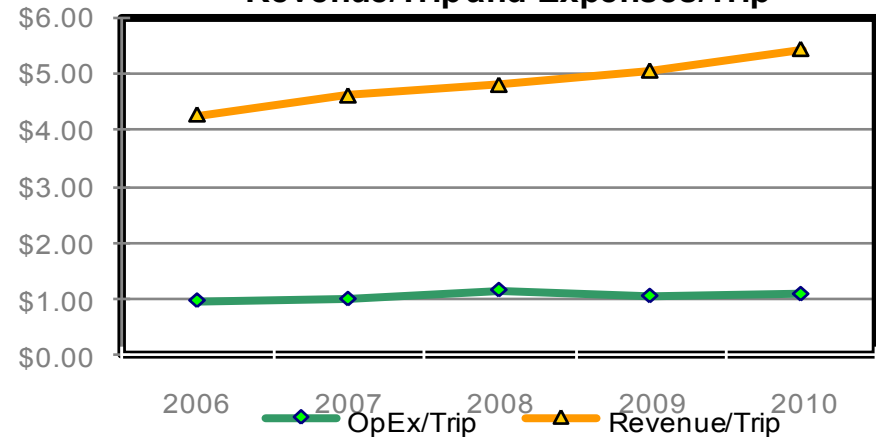


EBITDA

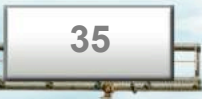
CAGR 9.0%
(2006-2010)



Revenue/Trip and Expenses/Trip



= Q3 DATA:



CONTINUOUS IMPROVEMENT & INNOVATION

- » Changes to Regulations on notice provisions
 - » improved customer communication and opex savings
- » Enterprise Architecture
 - » greater efficiency and flexibility with reduced opex
- » Website – enhanced personal customer pages, new self-serve options
 - » better customer service and reduced opex
- » Website – new B2B features will assist large accounts manage their billing
 - » improved commercial customer relationship and reduced opex
- » Increased number of business accounts with a dedicated representative
 - » increased customer satisfaction
- » Progressive roll-out of improved technology
 - » cost effective approach to maintenance, tolling-site renewal and replacement of technology

LATEST TECHNOLOGY PROTECTS REVENUE



- » New “seeker” system provides enhanced “locator” data of vehicles as they pass under gantry – reducing number of images required.
- » Roadside technology continuously updated with proven and reliable technology.



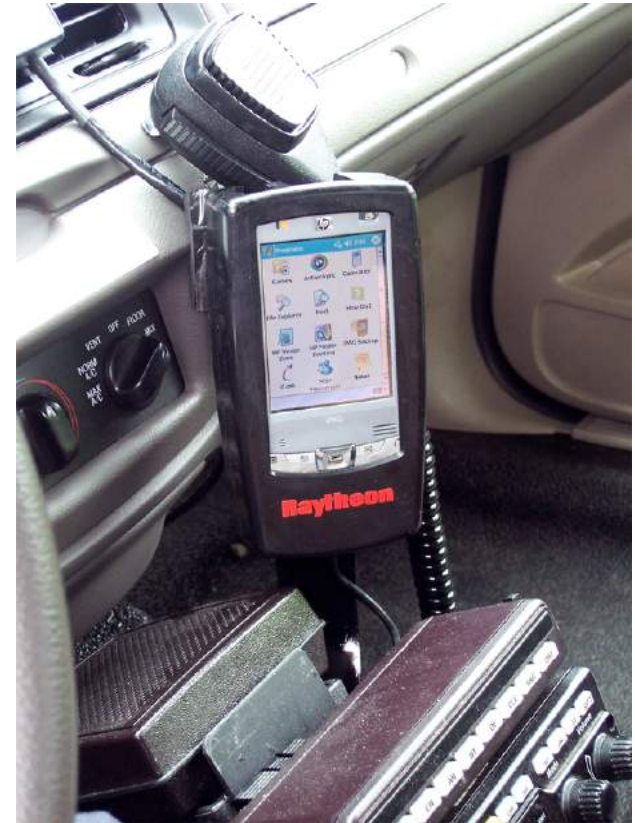
LATEST TECHNOLOGY PROTECTS REVENUE



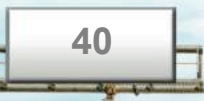
- » Roadside Test Gantry system built to test equipment in real conditions.

MOBILE READER FOR ON-THE-ROAD ENFORCEMENT

- » Developed by Raytheon
- » Bing/Bong principle
- » Valid/Non valid toll device
- » Easy set-up and training
- » Touch screen
- » First used by OPP under a pilot project, now an approved enforcement tool in most patrols on highway
- » Scans all transponder classes



MOBILE READER ANTENNA



JOINT COMMUNICATIONS

- » OPP and 407 ETR partner on messaging through Express Newsletter and bill inserts.
- » Support to MTO campaigns for safe driving



OPP CORNER

Hands on the Wheel and Eyes on the Road

By: Bret Pincoe, Acting Staff Sergeant, Ontario Provincial Police

407 ETR and the Ontario Provincial Police (OPP) are committed to traffic safety. Distracted Driving is quickly emerging as a major factor in many motor vehicle collisions.

When you get behind the wheel, remember that:

- » It is illegal in Ontario for drivers to use any handheld communications and entertainment devices – not just cell phones.
- » The Highway Traffic Act prohibits the use of devices except when these devices are used in a manner prescribed by legislation.

If you need to make a phone call or use any handheld devices, please remember to follow these rules:

- » Your vehicle must be off the roadway or lawfully parked on roadway
- » Your vehicle must not be in motion
- » Your vehicle must not impede traffic

The fine for using a handheld communications/entertainment device while driving is \$155.00.

Traffic safety is in everyone's best interest. Please help us combat Distracted Driving and make Ontario highways safer for all motorists.



PROMOTING SAFETY ON AND OFF THE HIGHWAY



407 ETR's Community Child Seat Safety Clinic

Saturday, November 5, 2011 — 10 a.m. – 2 p.m.

As part of our commitment to safety, together with Ontario Provincial Police, St. John Ambulance, Vaughan Fire and Rescue and York EMS, we are holding a **Child Seat Safety Clinic** on Saturday, November 5th at 407 ETR Head Office, 6300 Steeles Avenue West in Woodbridge. Clinic will be first come, first serve.

Please visit www.407etr.com for full details.

Remember, safety is everyone's responsibility, so please:

- Be sure children travel in a properly installed car seat.
- Drive according to weather and road conditions.
- Stay within posted speed limits.
- Do not use handheld devices while driving.
- Do not drink and drive.



WORKING TO KEEP CUSTOMERS AND STAFF SAFE



in support of initiatives by



Ontario



is pleased to host an...

ADVANCED TRAFFIC INCIDENT MANAGEMENT WORKSHOP

A complimentary, one-day, interactive workshop for experienced Police, Fire, Road Authority, and other key Response Personnel

Best Practice Topics Include:

- Responder Safety
- Incident Site Management
- Rapid Incident Clearance
- Clearance and Investigation Management

Presented By

John O'Laughlin, Delcan Corporation

John served as a State Trooper for Washington State Patrol for 25 years with extensive experience in the enforcement, evaluation and planning of freeway traffic operations including incident command. For the past 10 years, John has focused primarily on Traffic Incident Management (TIM) and delivered training for thousands of responders throughout the nation.

This one-day workshop is free, courtesy of 407 ETR, and attendance is limited. Pre-registration is required.

Dates & Time:

Tuesday, April 27, Wednesday, April 28, and Thursday, April 29
8:00 a.m. – 4:30 p.m.

Location:

Le Jardin Conference & Event Centre, 8440 Highway 27, Woodbridge, ON 905-851-2200

To register for your preferred date please fill out the included registration form.

For more information contact Emily Lombardi at elombardi@407etr.com or call 905-264-5372.

Sign in and Continental Breakfast at 8:00 a.m., lunch will also be provided.

(If you have any dietary restrictions, please let Emily know when registering.)

» In 2011, OPP and 407 ETR partnered again for the second Advanced Traffic Incident Management Workshop.

» OPP officers joined 407 ETR staff and other emergency responders over three one day sessions.

ROADSIDE COMMUNICATIONS

AMBER ALERT
IN EFFECT



Illustration purposes only



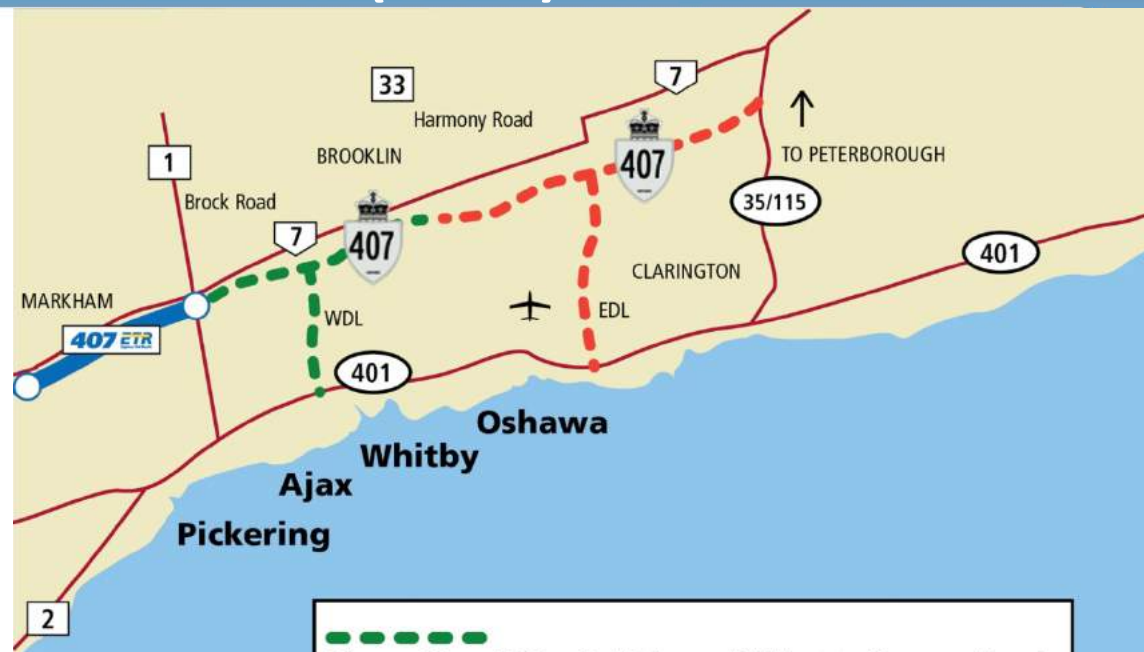
COMMITTED TO SAFETY

- » 407 ETR and OPP installed enhanced signage to help prevent wrong way driving at Fairview Road in Burlington
- » In November 2011, the decision was made to roll-out the enhanced signage to all exiting ramps across the highway
- » 407 ETR is also investigating the ability to have the toll system alarm upon a wrong entry



HIGHWAY 407 EAST – PHASE ONE (2015)

- » Tolled highway
- » Publicly owned asset
- » Province will set toll rates and retain all revenues
- » Agreement to provide tolling services
- » Use of 407 ETR existing tolling system will benefit motorists travelling on both 407 ETR and the new Highway 407 East (Phase One)
- » Benefit of single system for customers



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.

407 Interchange

MAJOR AWARDS

- » Winner of the 2008 Canadian Council for Public-Private Partnerships National Award for Excellence in Service Delivery

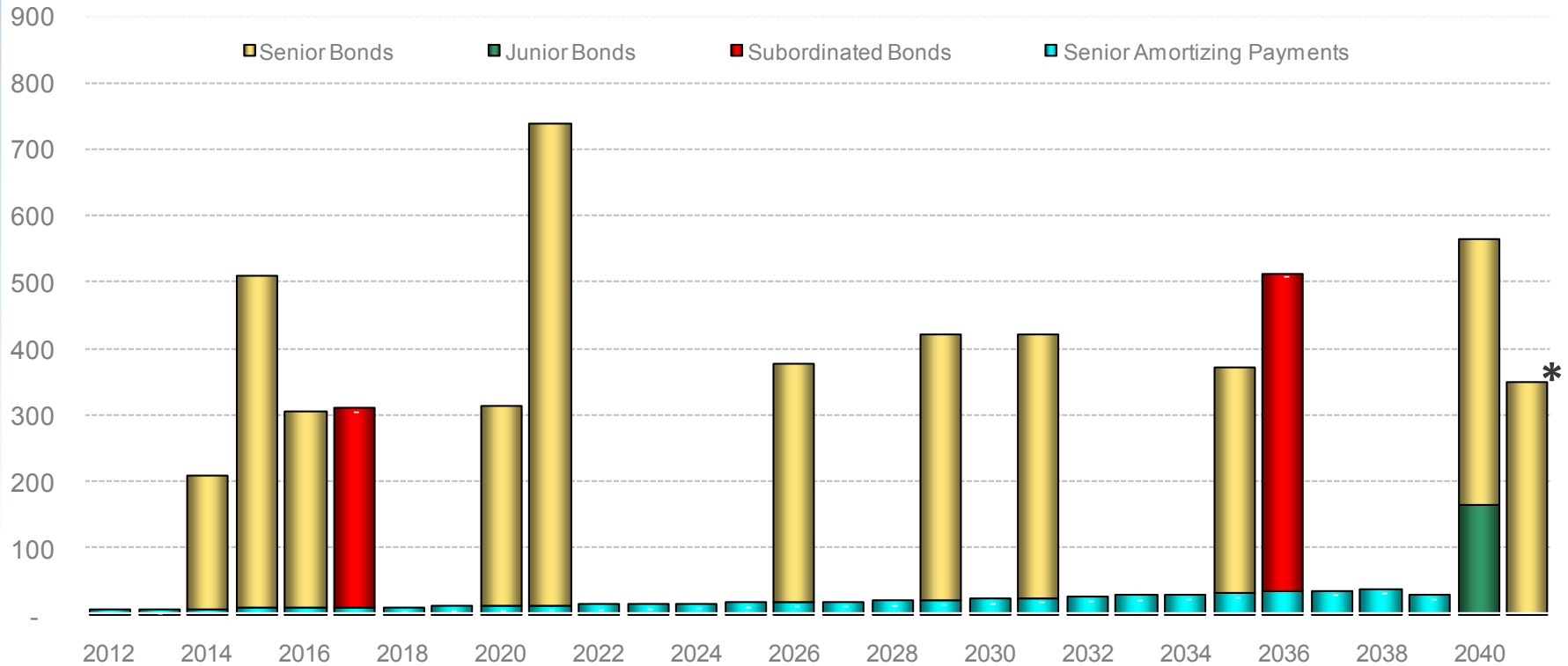
- » ISO 9001:2008 Certified
 - » Committed to continuous improvement and achieving the utmost quality in the products and services we offer to meet the needs and expectations of our customers

- » 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.



BOND MATURITY PROFILE



***2011 financing: 30-year, \$350million 4.45% coupon, 56 investors, 30-40% fill**



SUMMARY

- » Solid financial performance built on a tested legal environment
- » 407 ETR continues to be the good choice for customers looking to save time and money
- » Highway expanded to anticipate customer needs
- » Maintaining the value of the brand through good communications and emphasis on safety, savings and supporting the communities we serve
- » Protecting revenues through innovations in tolling and collections



SickKids[®]
FOUNDATION

Y O R K
U50
Fondation
Foundation

