

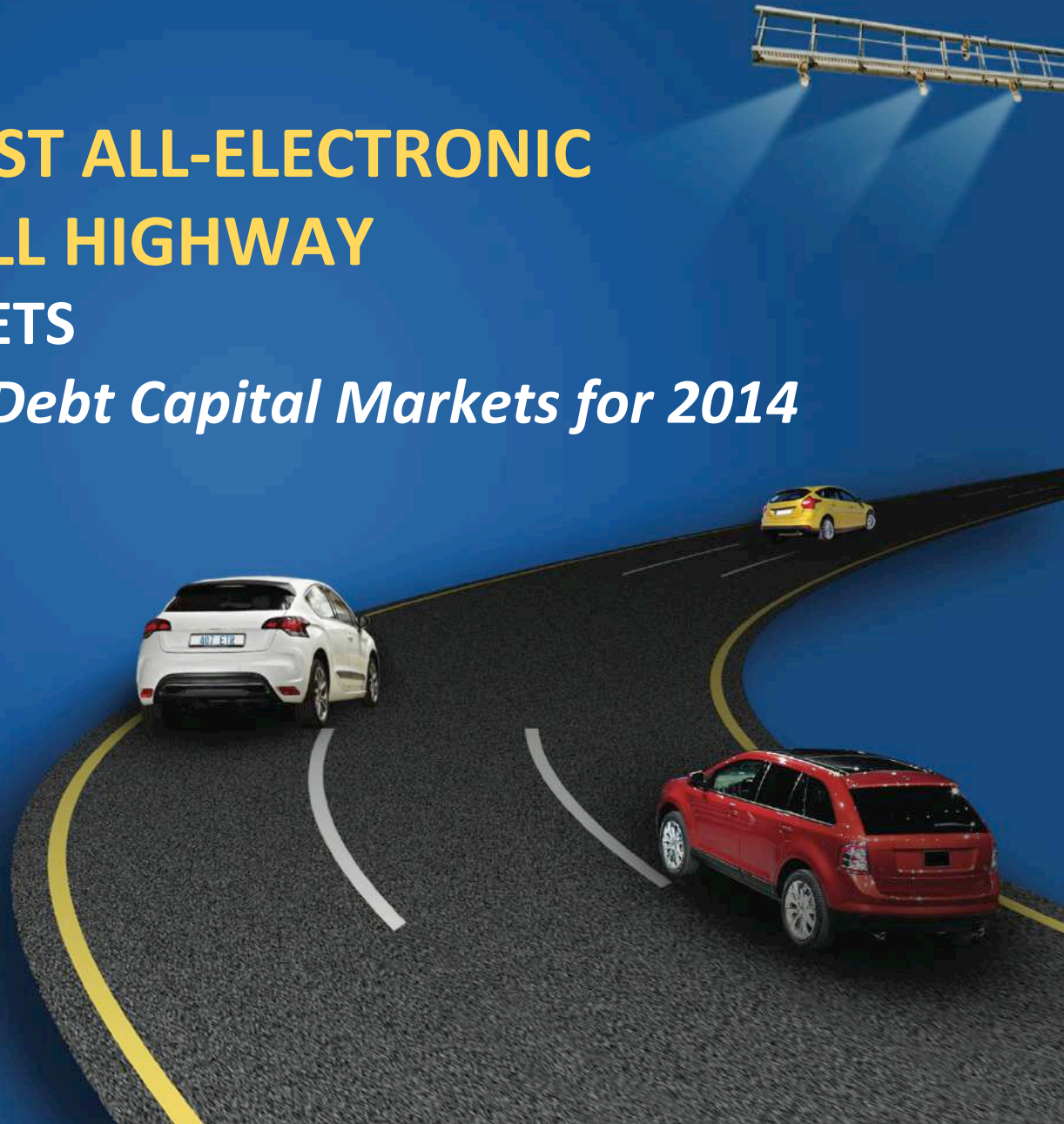


THE WORLD'S FIRST ALL-ELECTRONIC OPEN-ACCESS TOLL HIGHWAY

RBC CAPITAL MARKETS

Emerging Trends in Debt Capital Markets for 2014

February 25, 2014



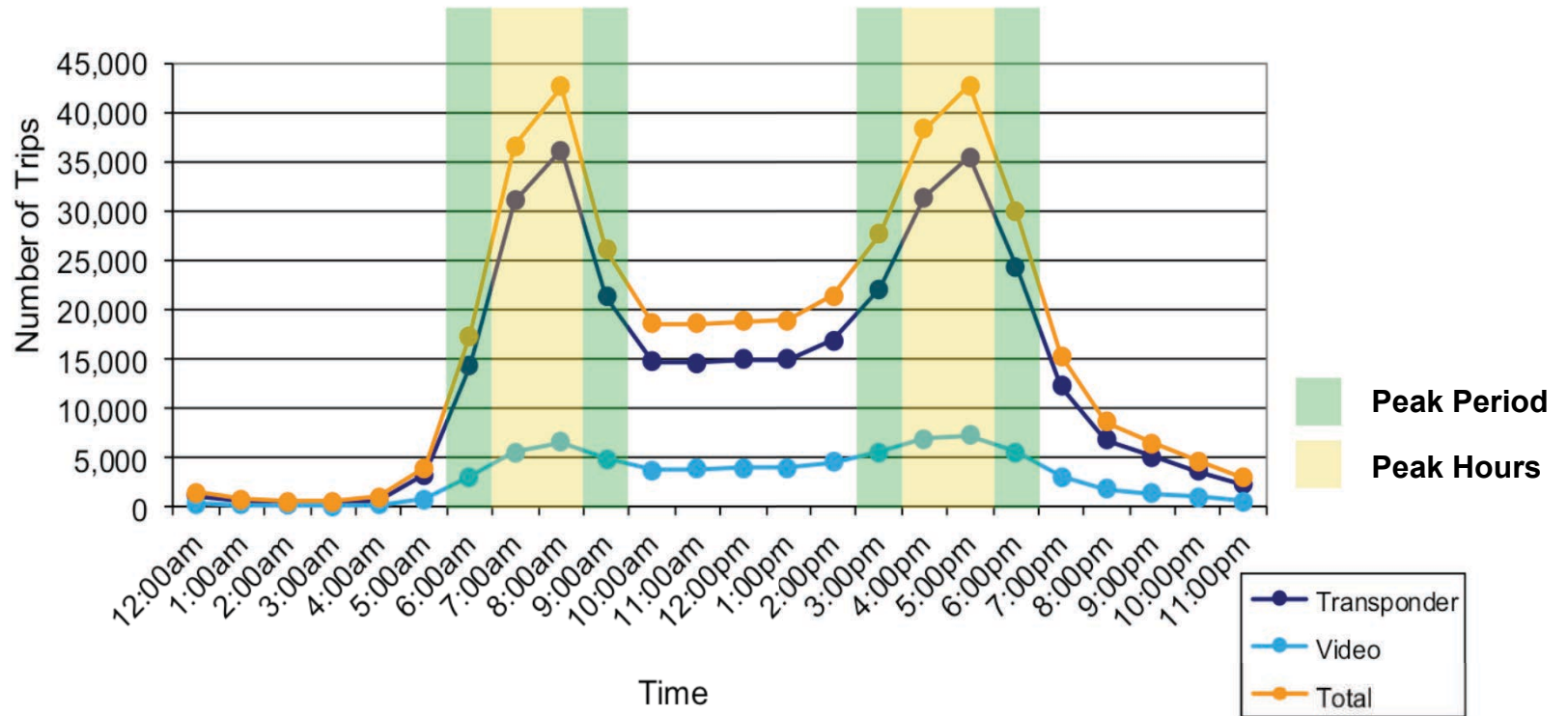
DISCLAIMER/DISCLOSURE

- » 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 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 WEEKDAY HOURLY TRIPS

Average of over 380,000 trips each work day



TRAFFIC STIMULATION - COMMERCIAL ACCOUNTS PILOT OFFER



- » 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.

407 ETR
Express Toll Route
FAST. SAFE. RELIABLE.

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 1-855-813-8894 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!*

This is our best deal ever!

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 us up on this limited time offer. Have your personal information, 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!**



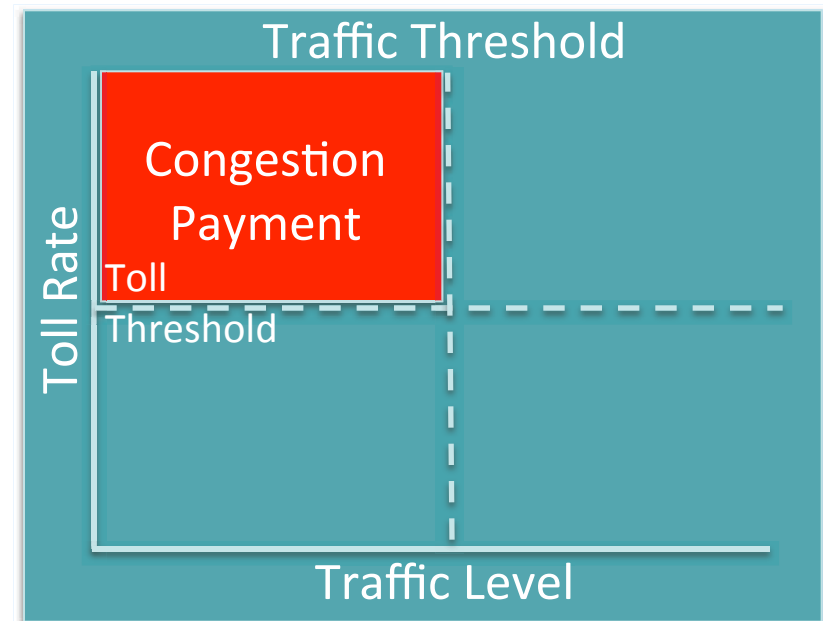
[GO UNLIMITED NOW!](#)

- » 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.

TOLL SETTING “CONSTRAINT”

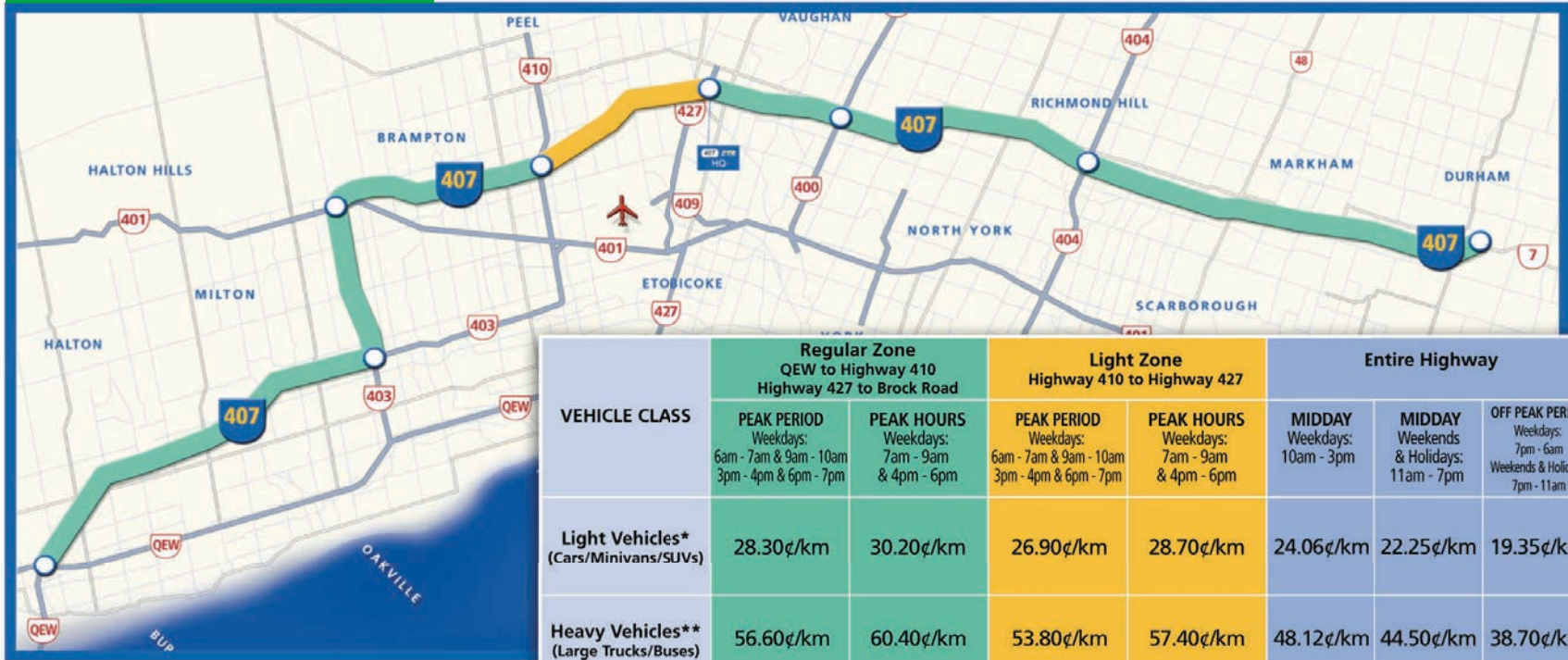
» CGLA – Schedule 22

- » 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.



2014 ZONE/PEAK TOLLING

Effective February 1, 2014

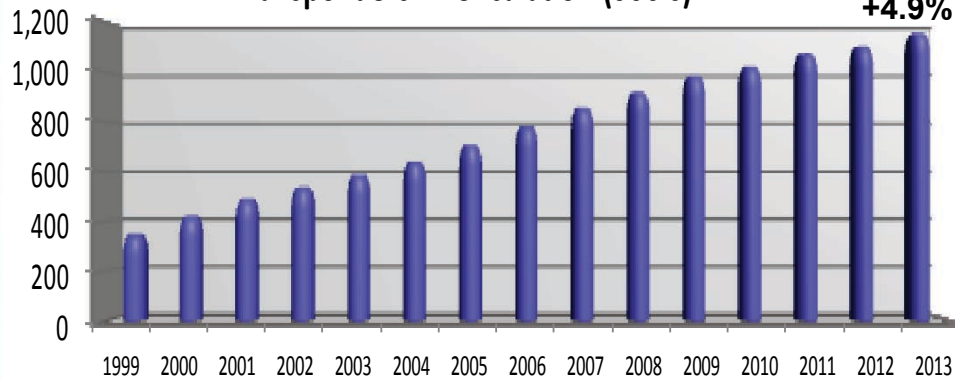


VEHICLE CLASS	Regular Zone QEW to Highway 410 Highway 427 to Brock Road		Light Zone Highway 410 to Highway 427		Entire Highway		
	PEAK PERIOD Weekdays: 6am - 7am & 9am - 10am 3pm - 4pm & 6pm - 7pm	PEAK HOURS Weekdays: 7am - 9am & 4pm - 6pm	PEAK PERIOD Weekdays: 6am - 7am & 9am - 10am 3pm - 4pm & 6pm - 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
Light Vehicles* (Cars/Minivans/SUVs)	28.30¢/km	30.20¢/km	26.90¢/km	28.70¢/km	24.06¢/km	22.25¢/km	19.35¢/km
Heavy Vehicles** (Large Trucks/Buses)	56.60¢/km	60.40¢/km	53.80¢/km	57.40¢/km	48.12¢/km	44.50¢/km	38.70¢/km
Heavy Multiple Unit Vehicles** (Tractor trailers)	84.90¢/km	90.60¢/km	80.70¢/km	86.10¢/km	72.18¢/km	66.75¢/km	58.05¢/km

- >> Rates vary by time of day, day of week and zone of highway
- >> Average revenue per trip: **2013** \$6.96, **2012** \$6.39, **2011** \$5.89, **2010** \$5.44
- >> 2014 toll rate increases reflect premium value of our highway at rush hour

TRANSPONDER USAGE

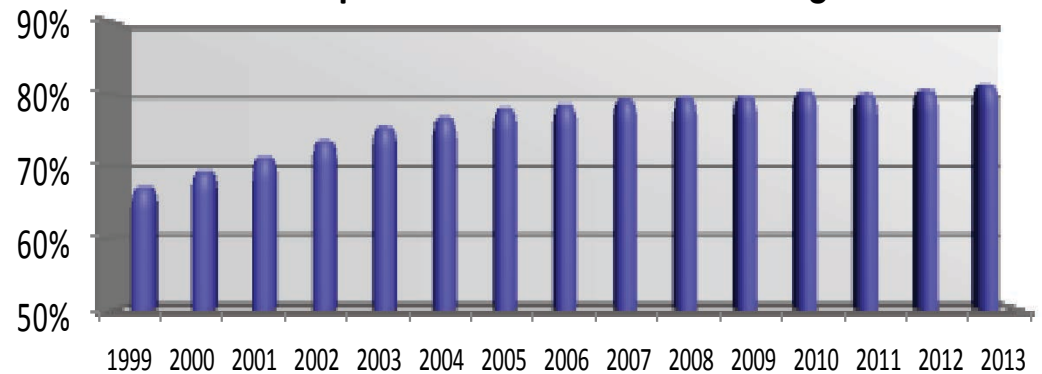
Transponders in Circulation (000's)



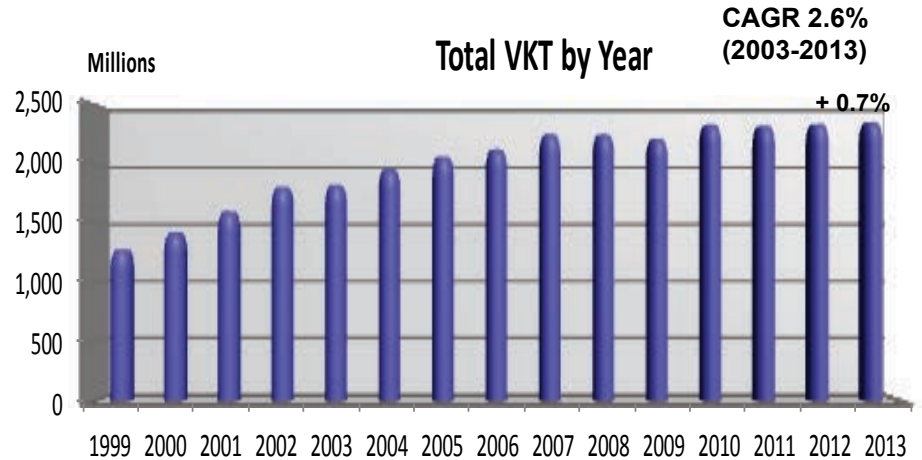
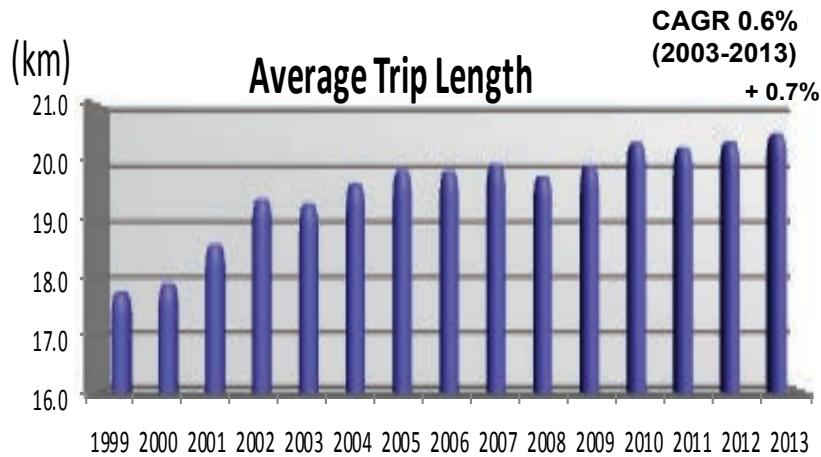
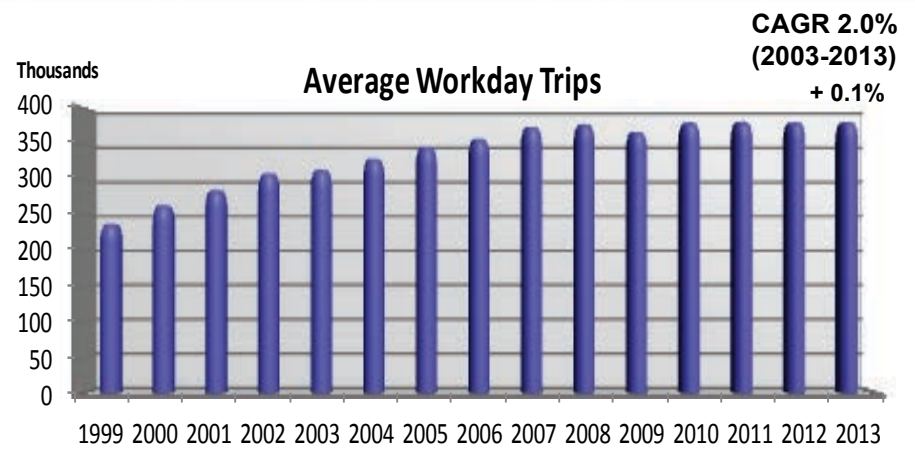
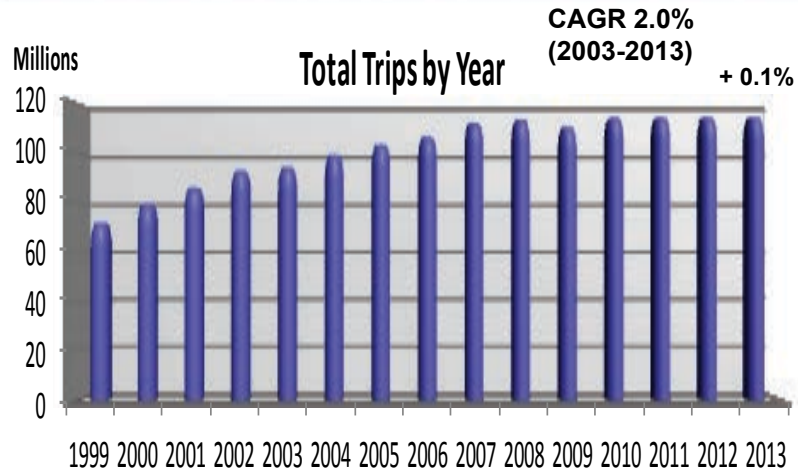
- >> Promotions have increased transponder penetration, thereby reducing corporate cost of pursuing payments for road usage.
- >> Transponders assist the company in maintaining a strong customer service relationship.



Transponder Penetration Percentage



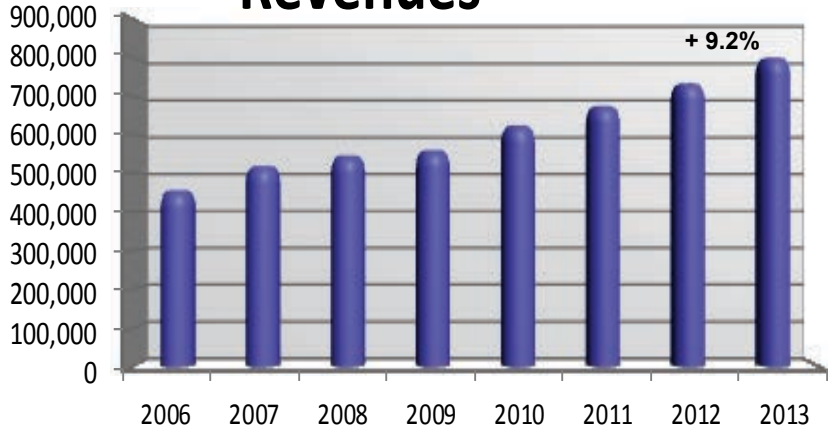
TRAFFIC PERFORMANCE



KEY FINANCIAL INDICATORS

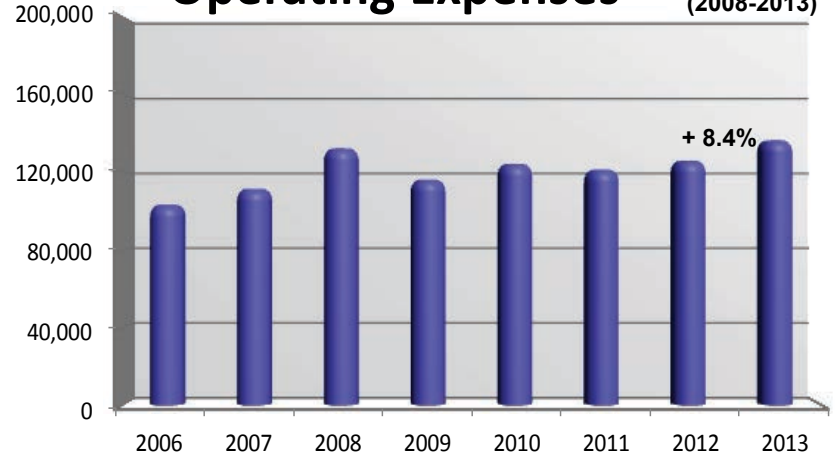
Revenues

CAGR 8.0%
(2008-2013)



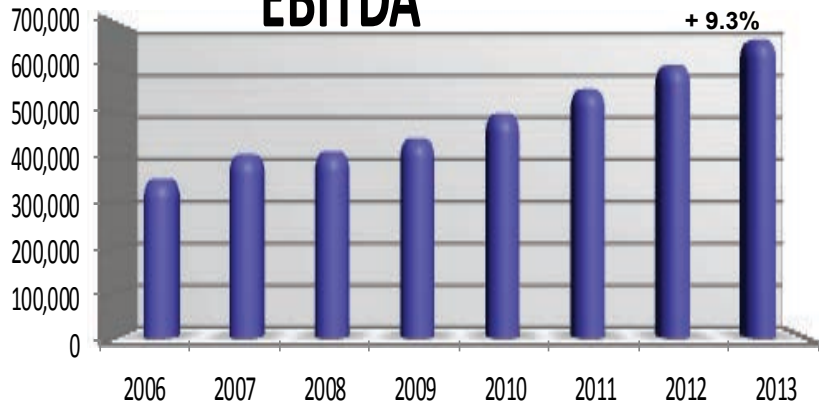
Operating Expenses

CAGR 0.6%
(2008-2013)

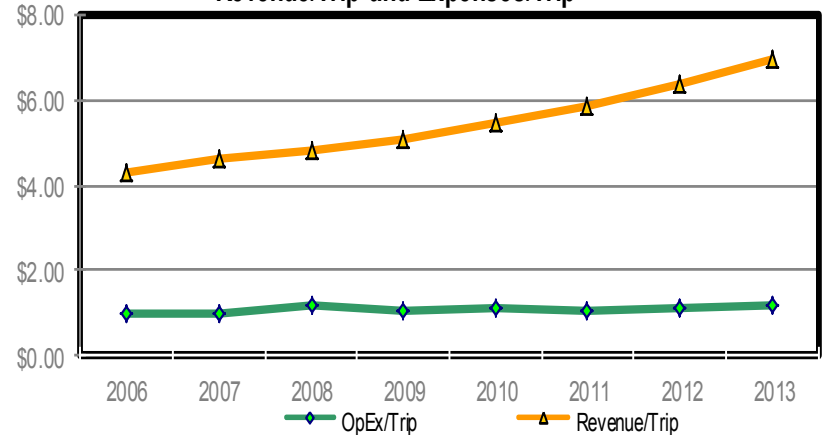


EBITDA

CAGR 9.9%
(2008-2013)

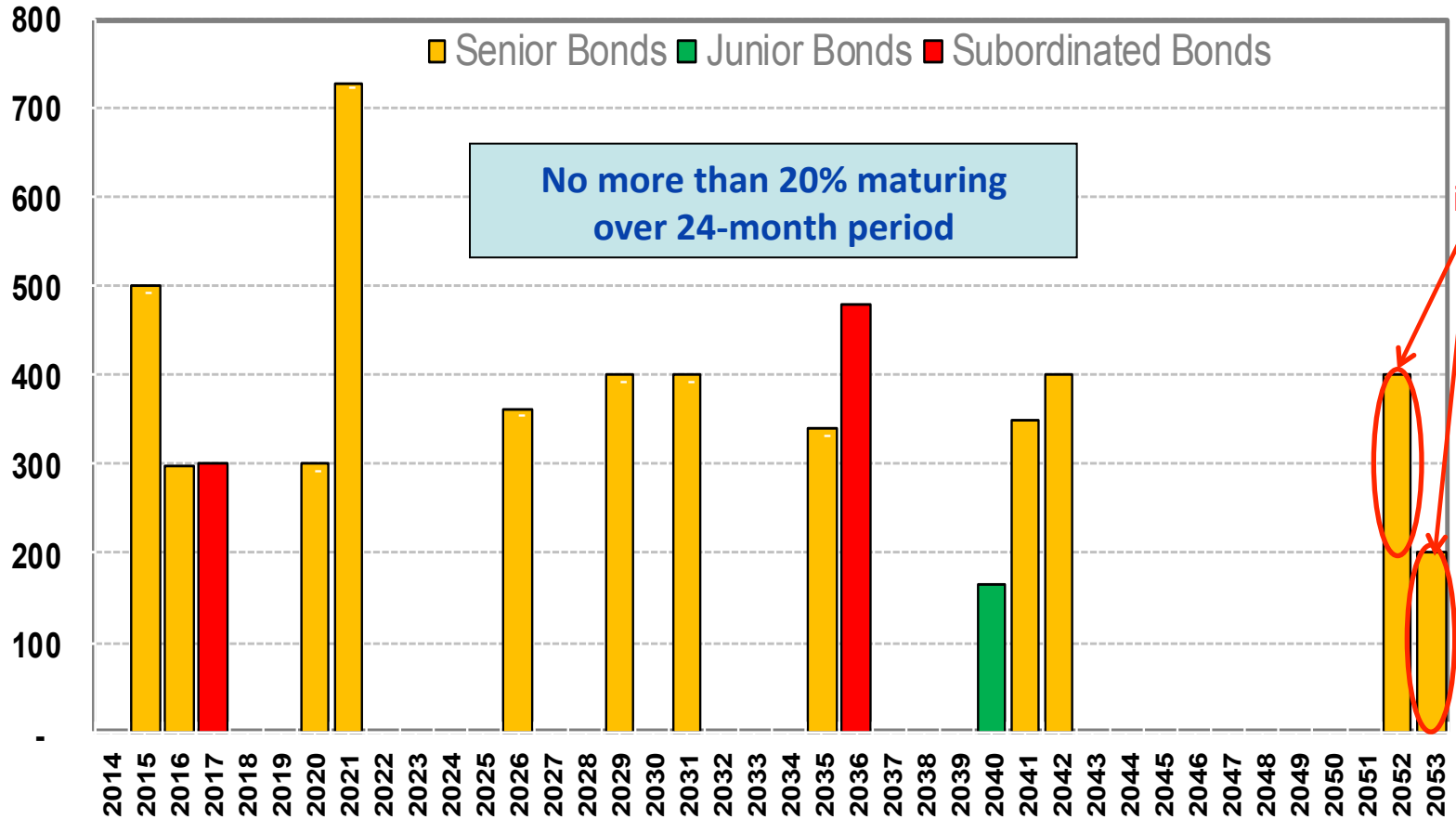


Revenue/Trip and Expenses/Trip

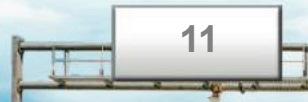


BOND MATURITY PROFILE

\$ millions



>> Total Long-Term Debt: \$ 6.2 billion



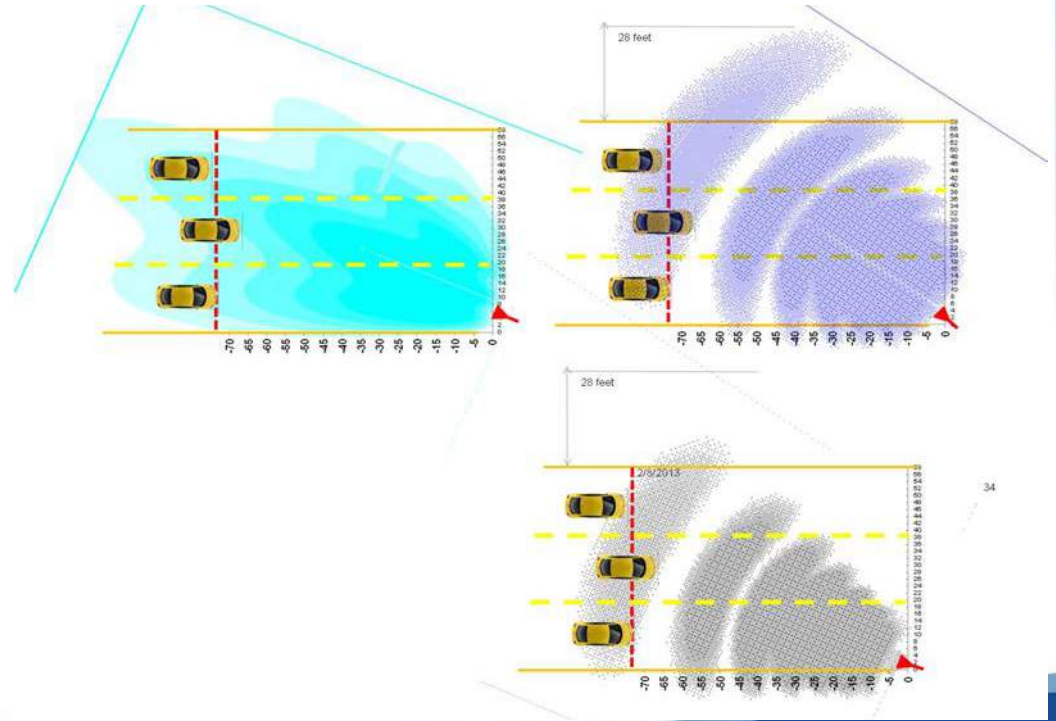
LATEST TECHNOLOGY PROTECTS REVENUE



- » 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.



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



Before



After



New energy efficient
LED lighting

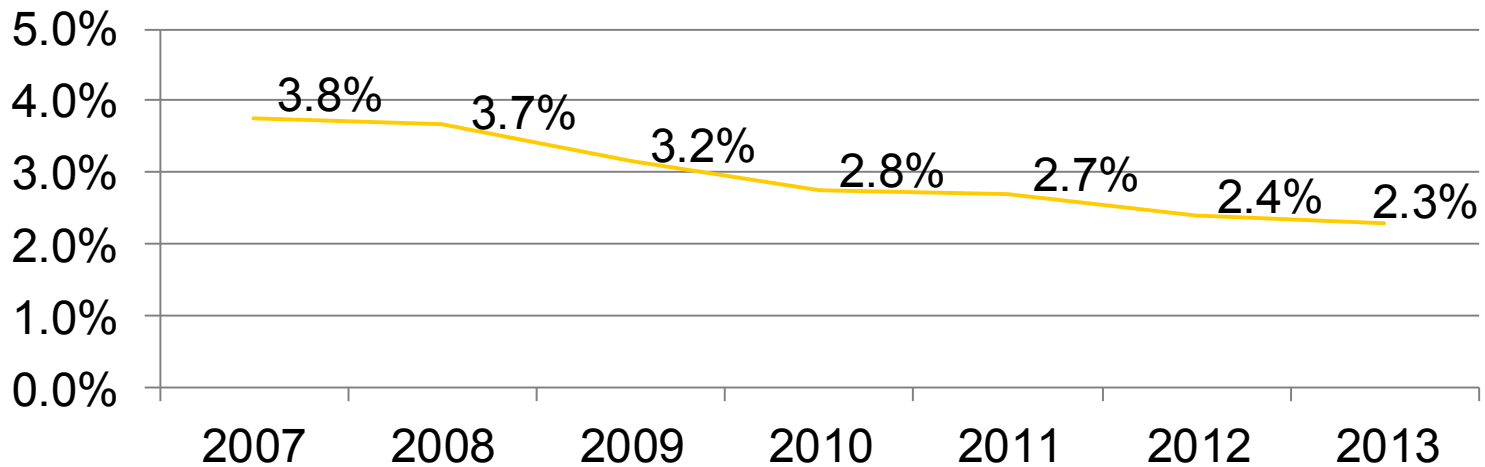


UNBILLABLE CONTINUES TO DECLINE

» 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



16

2014 CAPITAL PROJECTS: ASPHALT RESURFACING

- 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 planed for 2014** to complete the highway.



ICE STORM – DECEMBER 2013: BACK UP POWER MITIGATES DOWN TIME

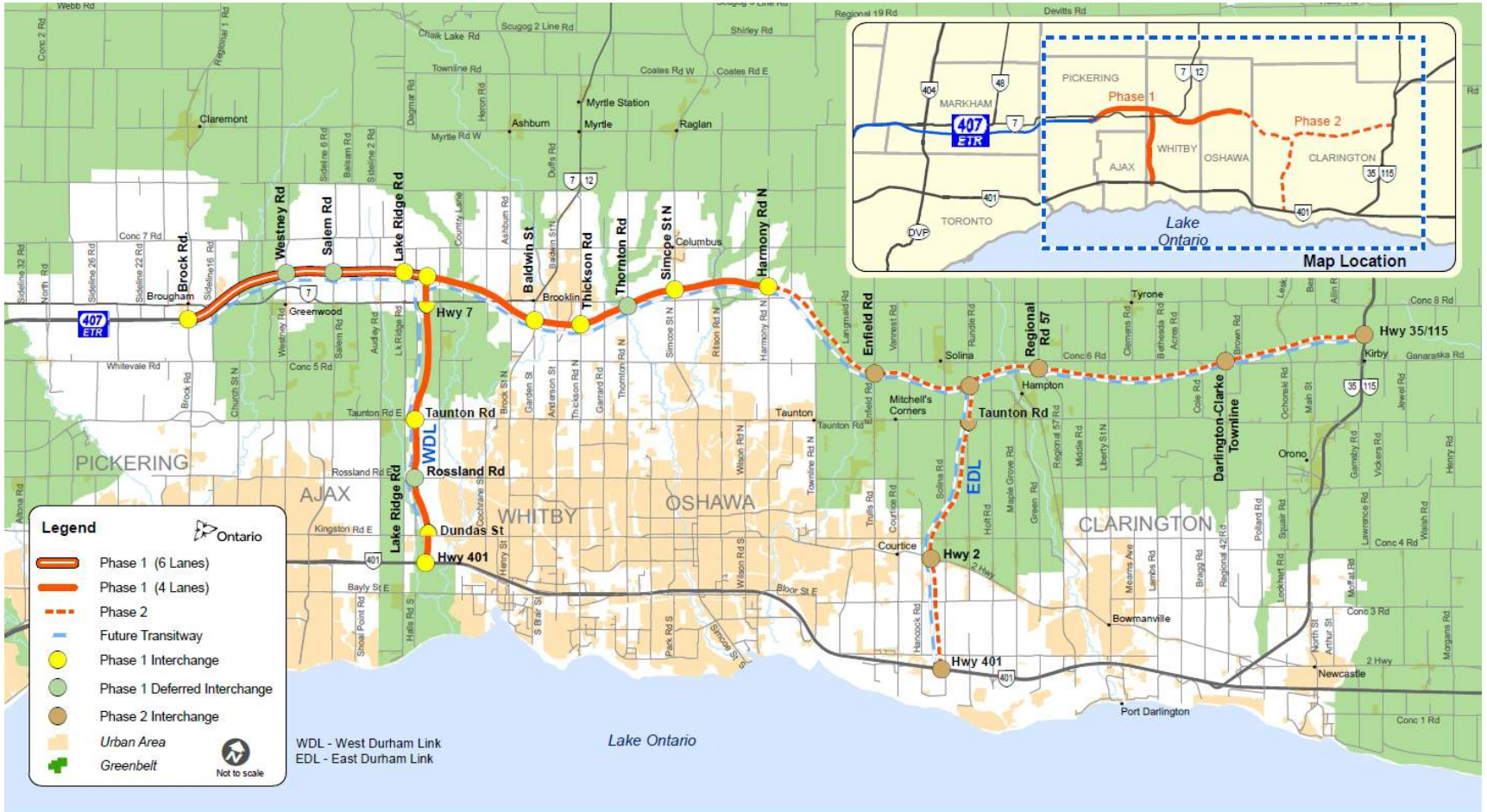


- » Several interchanges impacted for various periods.
- » New automatic transfer switches allowed “plug-in” of back up power.



- » Generators provide full power.
- » Teams of staff did refueling of generators on a 24/7 basis until full power was restored.

407 EAST: PHASE 1 – 407 EAST DEVELOPMENT GROUP



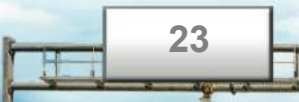
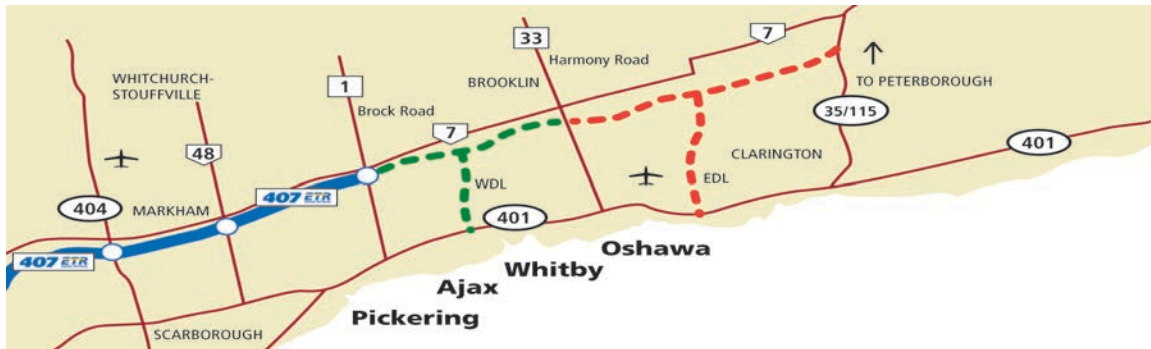
TWO DIFFERENT PROJECTS – TWO DIFFERENT MODELS



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

Cantoll

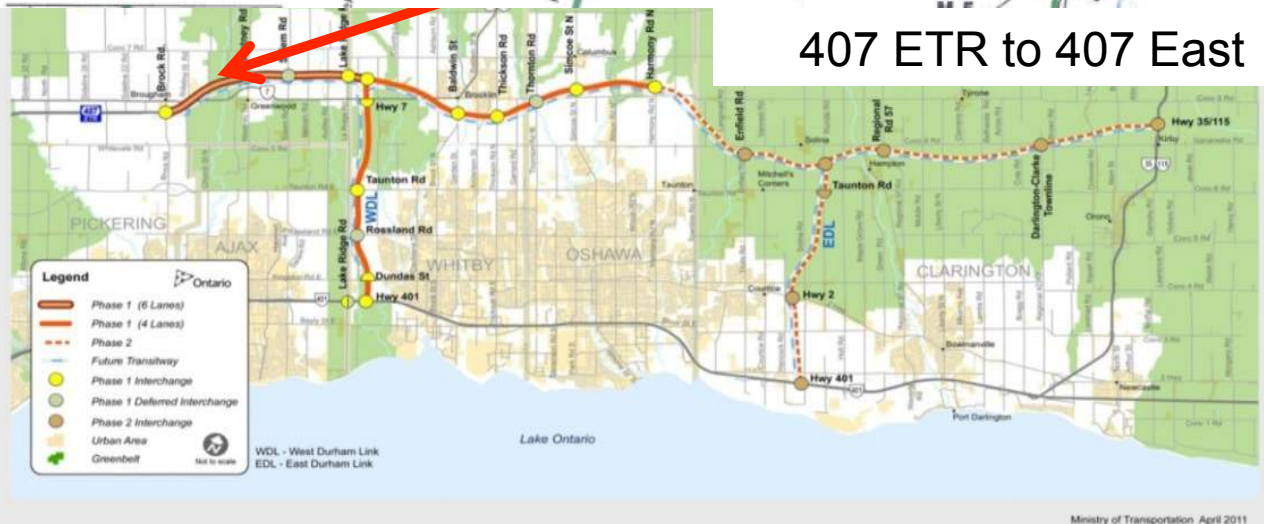
(Sub of 407 International) installs, updates and manages seamless tolling and backoffice system, customer service and collection. Customer gets one bill / one transponder.



CONNECTING 407 ETR TO THE NEW HIGHWAY 407 EAST



407 ETR to 407 East



Ministry of Transportation April 2011

CONNECTING 407 ETR TO THE NEW HIGHWAY 407 EAST



October 2013

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FAST. SAFE. RELIABLE.

PLATE DENIAL FOR DISCHARGED BANKRUPTS – MOORE CASE

- » 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.

PLATE DENIAL OF 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 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)

407 ETR
FAST. SAFE. RELIABLE.

Set It and Forget It!

50 FREE KM*

SET UP PRE-AUTHORIZED PAYMENT
using your bank account or credit card and never miss a payment. Sign up by November 30 and get 50 FREE KM!

Please have your account number handy.

CLICK HERE + LOG IN + SIGN UP

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 preauth@407etr.com by 407 ETR. Do not reply to this email. To contact 407 ETR Customer Service, please click [here](#).

*50 kilometre credit will be applied at the light vehicle regular zone peak hours rate of 27.20 cents per kilometre. Offer valid only on new pre-authorized payment registrations at www.407etr.com by November 30, 2013. Credit will be applied to your bill within two months. Environmental credit is non-refundable.

**Pre-auth
up 72.4%**

**Paperless
up 308%**

407 ETR
FAST. SAFE. RELIABLE.

407etr.com
24/7 service is just a click away.

407etr.com offers a variety of services to make managing your 407 ETR account easy. All you need is your email address, a password and a bill 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.
- Paperless Billing**
Convenient and environmentally friendly.
- Lease a Transponder**
Save money on every trip by avoiding Video Toll Charges.
- Check Your Balance**
Pay your bill - all in a few simple clicks.

Visit www.407etr.com now!

**Online
payments
up 57.3%**

**Customer
calls down
11%**

SIGN UP FOR PAPERLESS BILLING

ELIMINATE THE CLUTTER OF PAPER BILLS, REDUCE THE IMPACT ON THE ENVIRONMENT AND GET **50 FREE KM***

See reverse for details.
407 ETR
FAST. SAFE. RELIABLE.

SIGN UP FOR PAPERLESS BILLING BY NOVEMBER 30, 2013 AND GET 50 FREE KM!*

- LOG IN TO YOUR WEB ACCOUNT AT WWW.407ETR.COM.
- CLICK ON ACCOUNT SETTINGS.
- THEN 407 ETR PAPERLESS BILLING.
- FOLLOW THE INSTRUCTIONS AND YOU'RE DONE! JUST LIKE THAT, AND YOU'LL GET 50 FREE KM!*

PROUD PARTNER OF EVERGREEN.
407 ETR IS SPONSORING COMMUNITY TREE PLANTING EVENTS THIS MONTH IN THE GREATER TORONTO AREA. FOR MORE INFORMATION, VISIT WWW.407ETR.COM.

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USE YOUR EXISTING 407 ETR WEB ACCOUNT OR CREATE A NEW ONE AND **LOG IN TO WIN** WITH 407 ETR AND THE TORONTO RAPTORS. SEE REVERSE FOR DETAILS.

407 ETR
FAST. SAFE. RELIABLE.

TORONTO RAPTORS

**Website
traffic up
41.4%**

- 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



Where would you rather be than in traffic?



Give freedom a test drive.

Every year, Greater Toronto and Hamilton Area (GTHA) commuters face worsening traffic congestion. "Rush hour" starts earlier, lasts longer, and ties up more routes than ever before. As the population grows, so does congestion and the frustration that comes from sitting in traffic.

Your escape route from traffic.

407 ETR is the traffic congestion escape route for over 380,000 trips every workday.

- We save our drivers an average of 26 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 moving, we've extended the highway by more than 39 km and widened the road by adding over 200 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. Get three months' use of 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 407ETR.

Your exclusive offer code

407 ETR
Express Toll Route
FAST. SAFE. RELIABLE.

*Offer is valid only for light vehicles on new personal accounts. Limited plate cannot have 407 ETR in the last two years. This offer requires all users FlatRate407ETR.com to qualify for this offer. Accounts will be charged \$25 per month for travel from the day of registration to May 31, 2014. For full terms and conditions, visit www.FlatRate407ETR.com



NEW MICROSITE FOR TRIAL OFFER HIGHLIGHTS VALUE PROPOSITION

407 ETR
Express Toll Route
FAST. SAFE. RELIABLE.

Thank You!

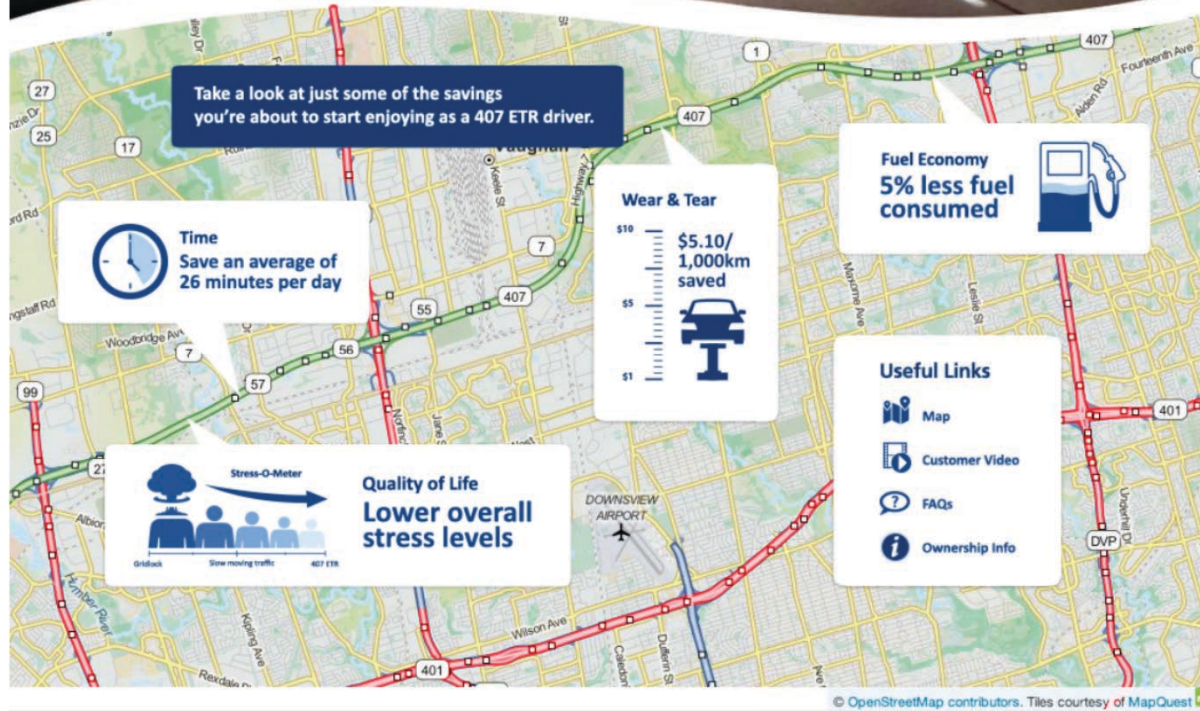
Thank you for registering.

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

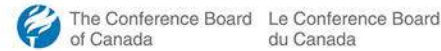


30

407 ETR
Express Toll Route
FAST. SAFE. RELIABLE.

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



THE VALUE OF TRAVEL TIME AND RELIABILITY

Commuting on 407 ETR.



www.conferenceboard.ca

REPORT DECEMBER 2013

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407 ETR
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407 ETR
Express Toll Route
FAST. SAFE. RELIABLE.

CUSTOMER EXPERIENCE VIDEO



407 ETR
Express Toll Route
FAST. SAFE. RELIABLE.

THANK YOU



INVESTOR CONTACTS

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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

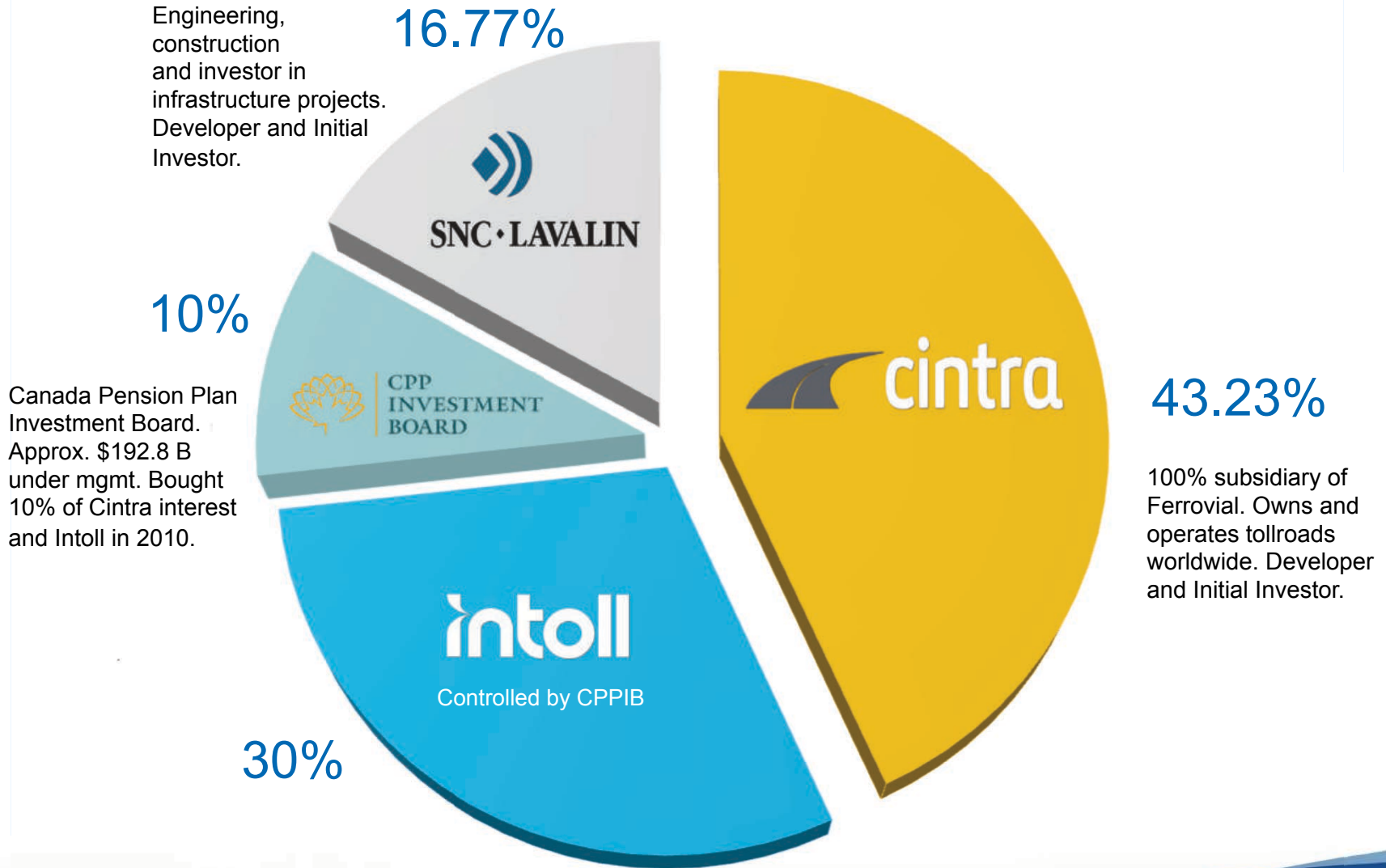
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February 25, 2014

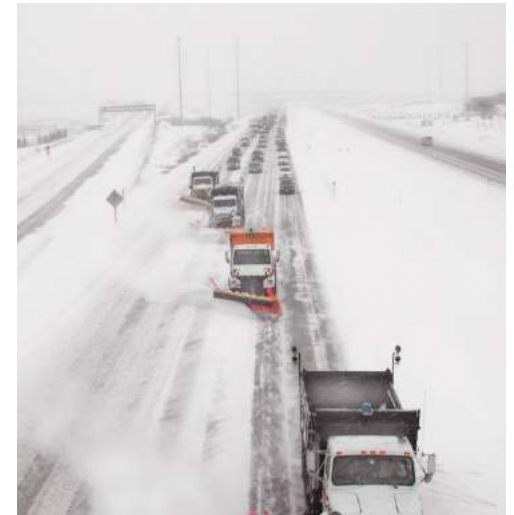


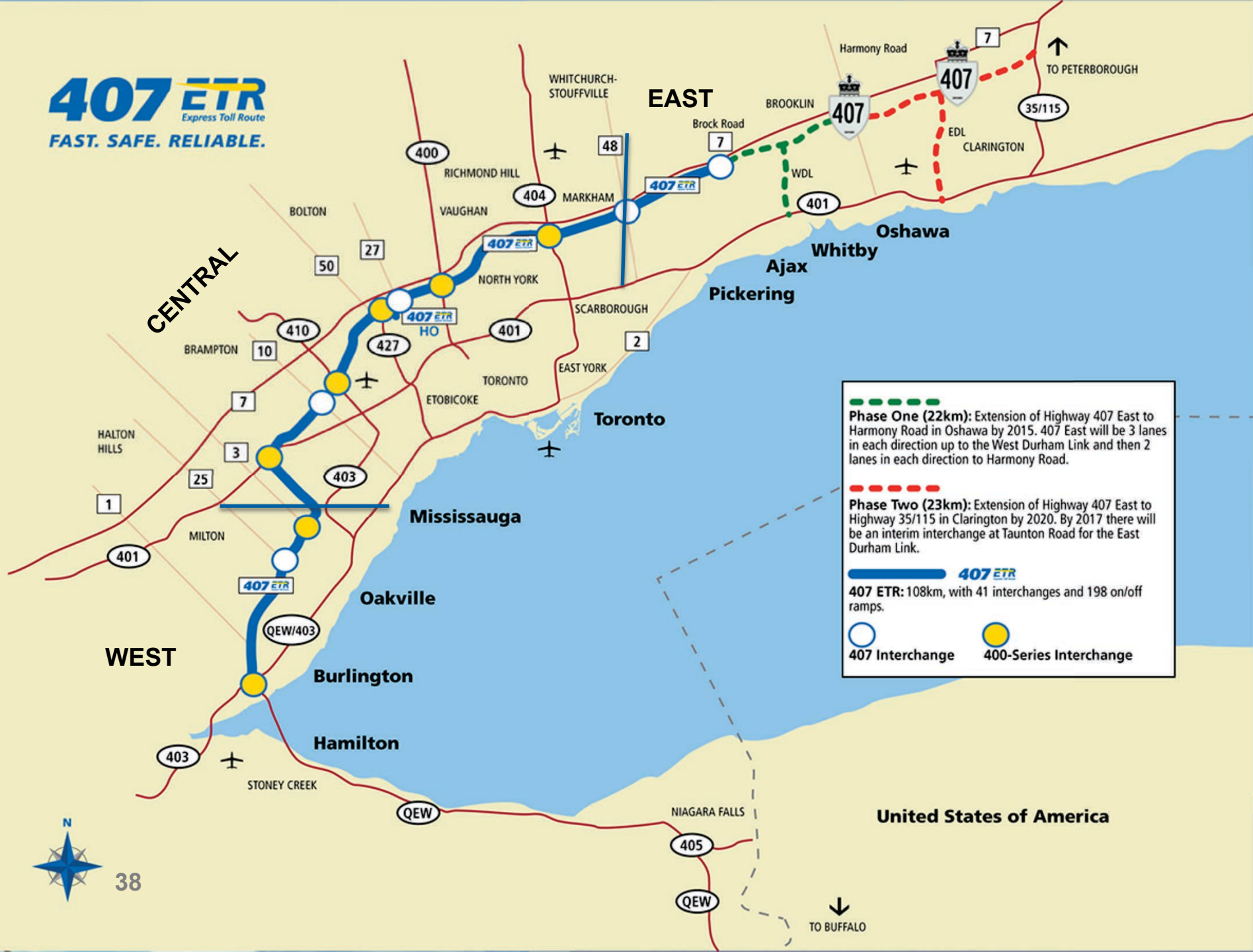
407 INTERNATIONAL SHAREHOLDERS



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

○ 407 Interchange ● 400-Series Interchange

Expansions

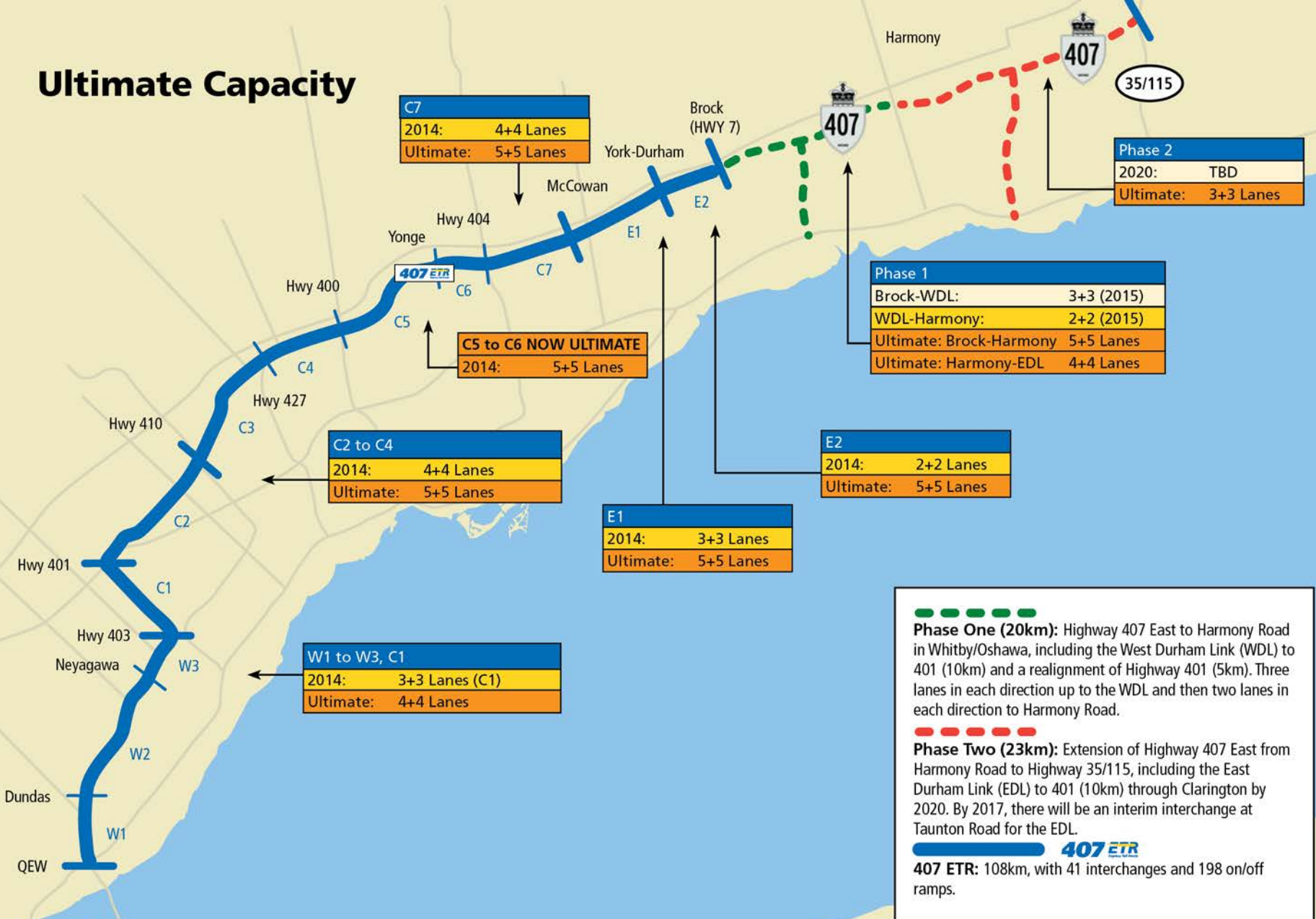
Total lanes added since 2004

A total of 205.4 new lane kilometres.



<u>Year</u>	<u>Lane Expansions</u>	<u>Length</u>
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
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
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.

TESTED LEGAL/REGULATORY FRAMEWORK

» 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



DONATIONS

