THE WORLD’S FIRST ALL-ELECTRONIC OPEN-ACCESS TOLL HIGHWAY
ROYAL BANK OF CANADA
INVESTOR PRESENTATION (as at Q3 2013)
November 5, 2013
This presentation has been prepared by 407 ETR.

The financial information presented is taken from quarterly and year-end statistics that have been disclosed publicly.

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

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

The statements about expected future events and financial and operating results are forward-looking. Forward-looking statements may include words such as anticipate, believe, could, expect, goal, intend, may, outlook, plan, strive, target and will. These statements reflect internal projections, expectations, future growth, performance and business prospects and opportunities, and, as they are subject to a number of risks and uncertainties, you are cautioned not to put undue reliance upon such statements as they may differ from actual results and developments.
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.
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.
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. $189B 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.
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
Schedule 22 includes the concept of Congestion Payment to ensure traffic relief in the corridor. It sets minimum traffic levels (Traffic Thresholds) in the peak hours 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 ($23k in 2003).

As Traffic Threshold increases, the likelihood of a “Traffic Shortfall” increases on some segments.
Promotions have increased the transponder penetration, thereby reducing corporate cost of pursuing payments for road usage.

* as of September 2013
AVERAGE WEEKDAY HOURLY TRIPS

Number of Trips

Time

12:00am 1:00am 2:00am 3:00am 4:00am 5:00am 6:00am 7:00am 8:00am 9:00am 10:00am 11:00am

Peak Period
Peak Hours

Graph showing average weekday hourly trips with peak periods and peak hours indicated.

Transponder
Video
Total
TRAFFIC PERFORMANCE

Total Trips by Year (2002-2012) CAGR 2.1%

Average Workday Trips (2002-2012) CAGR 2.1%

Average Trip Length (2002-2012) CAGR 0.5%

Total VKT by Year (2002-2012) CAGR 2.6%

Millions Total Trips by Year

Thousands Average Workday Trips

(km)

Average Trip Length

Millions Total VKT by Year

+ 0.1% + 0.8% + 0.9%
KEY FINANCIAL INDICATORS

**Revenues**
- CAGR 7.2% (2007-2012)
- + 9.1%

**Operating Expenses**
- CAGR 2.5% (2007-2012)
- - 2.0%

**EBITDA**
- CAGR 8.3% (2007-2012)
- + 11.4%

**Revenue/Trip and Expenses/Trip**
- CAGR 8.2% (2006-2010)
- + 11.4%
- + 9.1%
- - 2.0%
TORONTO, October 23, 2013 - 407 International Inc. (the “Company”) announced today revenues of $224.8 million for the third quarter of 2013, compared to $201.9 million for the same period of 2012. Earnings before interest, taxes, depreciation and amortization (“EBITDA”) totalled $191.3 million for the third quarter of 2013 as compared with $168.8 million for same period of 2012. The Company reported net income of $69.3 million for the third quarter of 2013, compared with net income of $62.5 million for the same period of 2012.

The Board of Directors declared an eligible dividend of $0.323 per common share, payable on or about October 23, 2013 to shareholders of record on October 23, 2013.

1 EBITDA is not a recognized measure under International Financial Reporting Standards and investors are cautioned that EBITDA should not be construed as an alternative to net income or cash from operating activities as an indicator of the Company’s performance or cash flows. The Company's method of calculating EBITDA may differ from other companies' and may not be comparable to measures used by other companies. EBITDA less Depreciation and amortization, Interest and other expenses and Income tax, results in Net income.
<table>
<thead>
<tr>
<th>Selected Financial Information (in millions)</th>
<th>Three-month period ended September 30</th>
<th>Nine-month period ended September 30</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2013</td>
<td>2012</td>
</tr>
<tr>
<td><strong>Revenues</strong></td>
<td>$224.8</td>
<td>$201.9</td>
</tr>
<tr>
<td><strong>Operating expenses</strong></td>
<td>33.5</td>
<td>33.1</td>
</tr>
<tr>
<td><strong>Depreciation and amortization</strong></td>
<td>16.4</td>
<td>15.8</td>
</tr>
<tr>
<td><strong>Interest and other expenses</strong></td>
<td>81.3</td>
<td>65.5</td>
</tr>
<tr>
<td><strong>Income before tax</strong></td>
<td>93.6</td>
<td>87.5</td>
</tr>
<tr>
<td><strong>Deferred income tax expense</strong></td>
<td>24.3</td>
<td>25.0</td>
</tr>
<tr>
<td><strong>Net income</strong></td>
<td>$69.3</td>
<td>$62.5</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Traffic</th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total trips (in thousands)</strong></td>
<td>30,603</td>
<td>30,025</td>
<td>85,634</td>
<td>85,584</td>
</tr>
<tr>
<td><strong>Average revenue per trip</strong></td>
<td>$7.33</td>
<td>$6.72</td>
<td>$6.96</td>
<td>$6.39</td>
</tr>
<tr>
<td><strong>Average workday number of trips</strong></td>
<td>400,039</td>
<td>396,945</td>
<td>379,304</td>
<td>379,469</td>
</tr>
<tr>
<td><strong>Total vehicle kilometres (in thousands)</strong></td>
<td>657,046</td>
<td>638,734</td>
<td>1,760,407</td>
<td>1,745,396</td>
</tr>
<tr>
<td><strong>Number of transponders in circulation</strong></td>
<td>1,148,215</td>
<td>1,097,176</td>
<td>1,148,215</td>
<td>1,097,176</td>
</tr>
</tbody>
</table>
## Selected Financial Information (in millions)

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2012</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>REVENUES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Toll revenue</td>
<td>$541.5</td>
<td>$499.6</td>
</tr>
<tr>
<td>Fee revenue</td>
<td>54.2</td>
<td>47.2</td>
</tr>
<tr>
<td>Contract revenue</td>
<td>1.0</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total Revenues</strong></td>
<td>$596.7</td>
<td>$546.8</td>
</tr>
<tr>
<td><strong>OPERATING EXPENSES</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Systems operations expenses</td>
<td>$11.4</td>
<td>$11.7</td>
</tr>
<tr>
<td>Customer operations expenses</td>
<td>46.3</td>
<td>50.1</td>
</tr>
<tr>
<td>Highway operations expenses</td>
<td>17.6</td>
<td>16.6</td>
</tr>
<tr>
<td>General and administration expenses</td>
<td>15.3</td>
<td>14.9</td>
</tr>
<tr>
<td>Contract expenses</td>
<td>0.8</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total Operating Expenses</strong></td>
<td>$91.4</td>
<td>$93.3</td>
</tr>
</tbody>
</table>
Q3 2013 RESULTS

- Systems operations expenses include staff salaries, subcontractor costs for operating and maintaining the tolling system, costs for operating and maintaining the Company’s office computer network and other costs for operating and maintaining the Company’s integrated automation systems.

- Customer operations expenses include costs incurred to operate the customer service centre and service existing customer relationships as well as general inquiries. These costs include the call centre, customer service centre, account management salaries, transponder distribution channels, billing, customer address system access fees, ombudsman services, collection of overdue accounts and the provision for doubtful accounts.

- Highway operations expenses include costs relating to operating activities such as maintenance of the major system elements of roadway surfaces, bridges and culverts, drainage and lighting systems, together with seasonal maintenance, highway patrol operations, road safety enforcement and police enforcement.

- General and administration expenses include costs of public relations, finance, administration, facilities, human resources, business processes, legal, audit and executive.

- Contract expenses include costs incurred for work performed in completing its contract obligations with customers.
Total Long-Term Debt: $ 6.1 billion

No more than 20% maturing over 24-month period
INCREASED CUSTOMER CHOICE AND MANAGEMENT OF OPEX (from 2010)

- Every 10k customers on paperless saves 407 ETR $84k and supports reduced use of paper. Average of 12k/mth new registrations.
- Increased web traffic has avoided 98k calls to the call centre – representing a value of over $750k per year.
2013 ZONE/PEAK TOLLING

Effective February 1, 2013

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

Avg revenue per trip: **2013**(Q3)$7.33, **2012**(Q3)$6.72, **2011**(Q3)$6.26, **2010**(Q3)$5.75
New “seeker” system provides enhanced “locator” data of vehicles as they pass under gantry – reducing number of images required.

Vehicle detection system works to accurately classify vehicle type.

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

Roadside technology continuously updated with proven and reliable technology.

Front capture camera for toll enforcement on heavy vehicles.
INNOVATION AT 407 ETR – CMOS CAMERAS

- 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.

Larger/Taller Images

Before

After

New energy efficient LED lighting
Unbillable trips include customer trips that cannot be billed and trips by emergency responders, exempted vehicles, employee travel and maintenance vehicles.
2013/2014 ASPHALT RESURACING

- 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 over a two-year period with a completion date of September, 2014.
## Two Different Projects – Two Different Models

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

### Cantoll
(Sub of 407 International) installs, updates and manages seamless tolling and backoffice system, customer service and collection. Customer gets one bill / one transponder.
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.
- 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.
- EDG Project will provide direct connect to 407 ETR and Highway 401, completing the Toronto by-pass.
- Cantoll will provide integrated services to users while expanding its business.
INVESTOR CONTACTS

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

Geoffrey Liang
Managing Director, Finance and Treasurer
407 ETR Concession Company Limited
gliang@407etr.com
905-264-5298