



On The Right Track: Continuous Improvement In P3 Delivery

BMO Capital Markets Infrastructure & Utilities Conference

February 18, 2010

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- » 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 2006, 2007, 2008 and 2009.
- » All financial amounts are shown in Canadian dollars unless otherwise indicated.
- » Additional information relating to 407 ETR and or 407 International, including the 2009 Annual Information Form dated February 4, 2010, 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.

- » Global Economic Update
- » 407 ETR in 2009
- » 2010 Toll Rate Changes
- » Recent and Planned Infrastructure Improvements
- » Key Financial Measures
- » Key Operational Measures
- » Continued Customer Service Improvements
- » Continued Efficiency Improvements

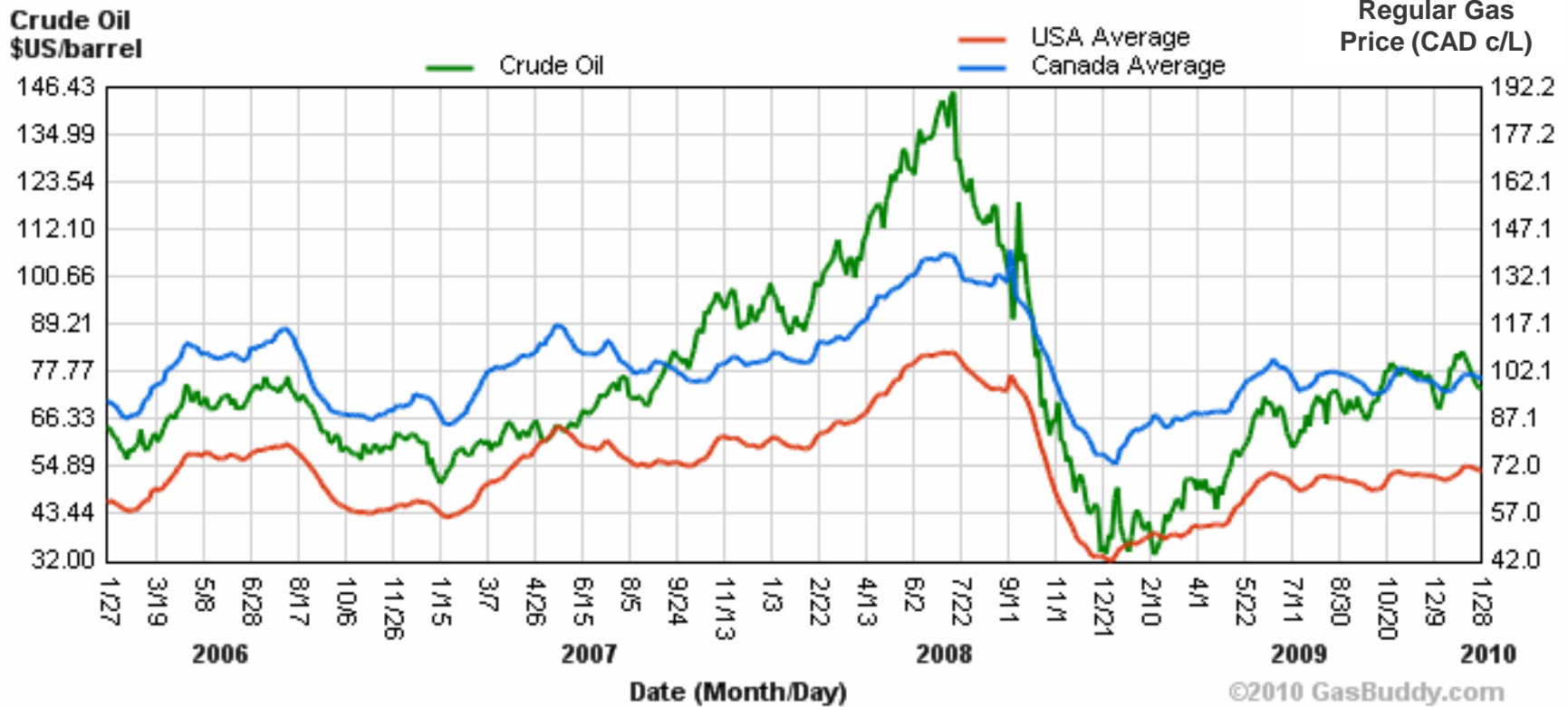
GLOBAL ECONOMIC CHALLENGES



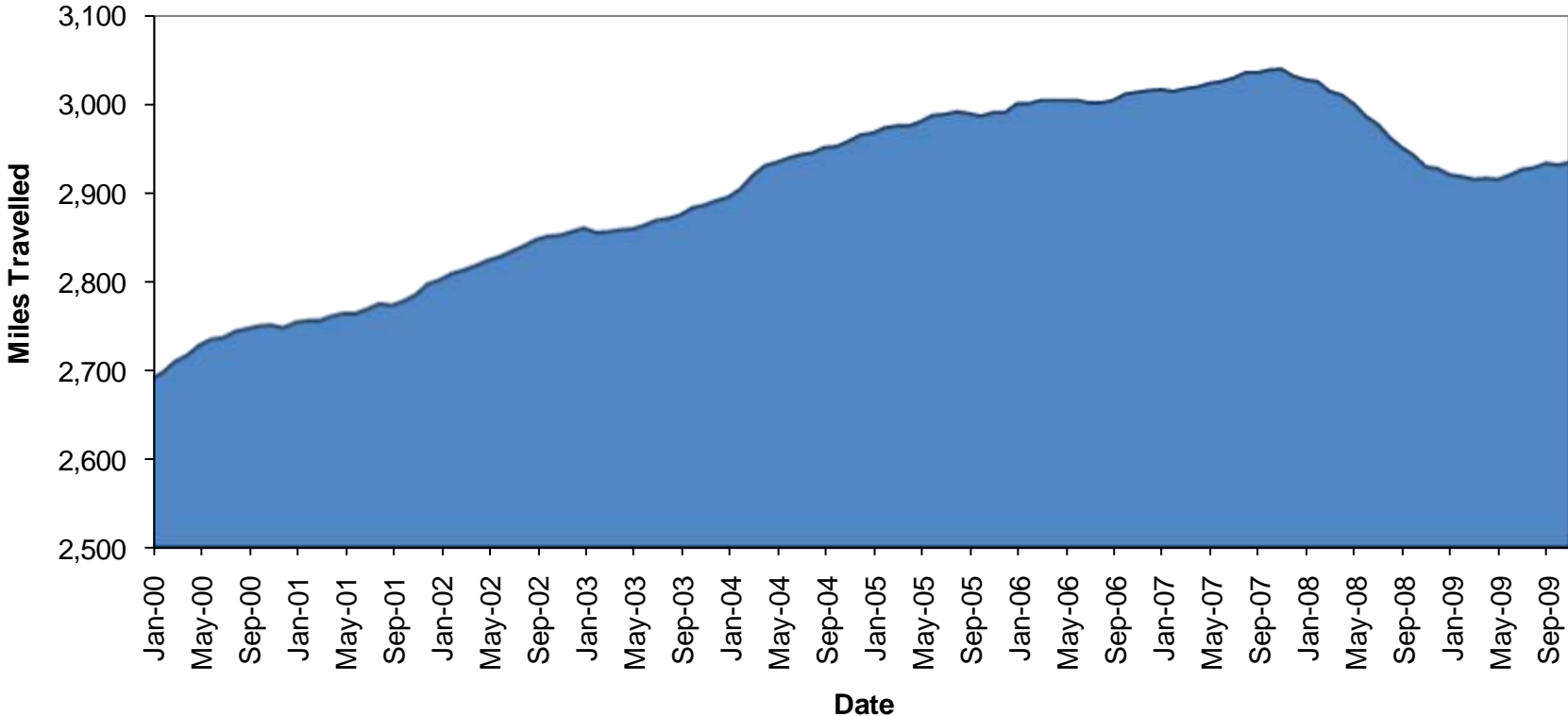
GLOBAL ECONOMIC UPDATE



48 Month Average Retail Price Chart

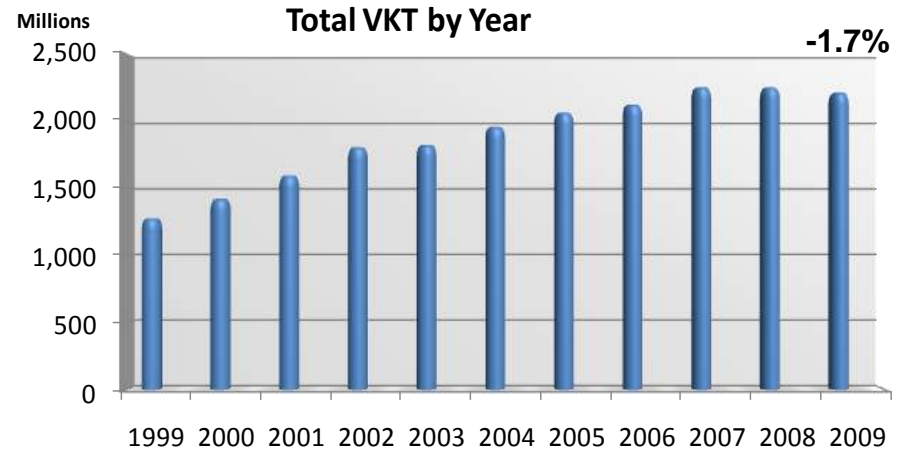
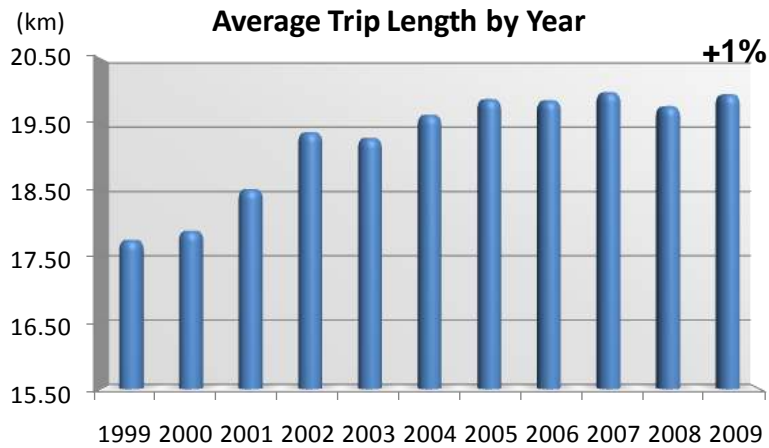
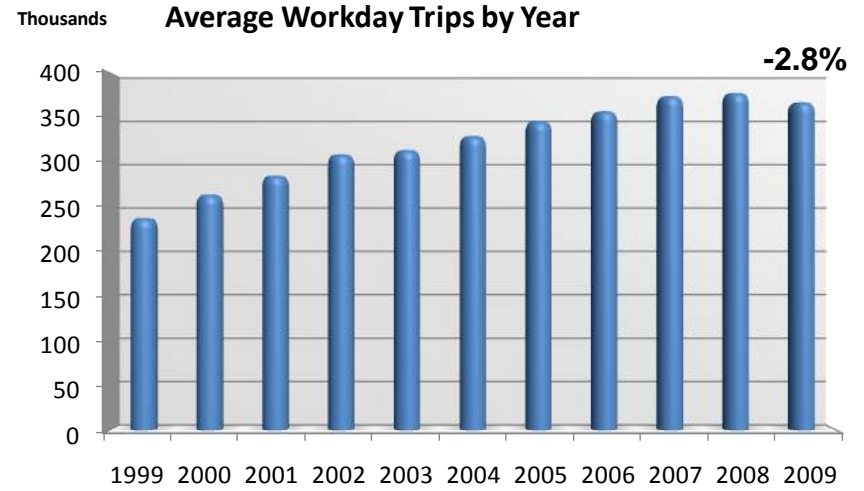
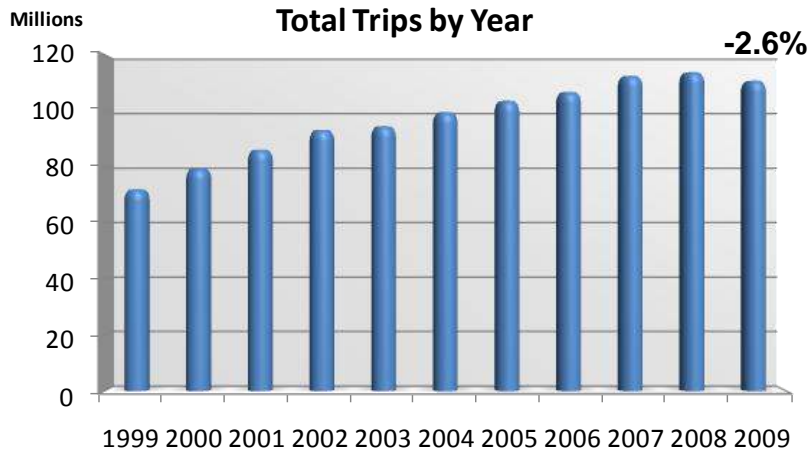


Monthly US Traffic 2000 to 2009



- » Economy and gas prices are still having an effect on toll roads around the world:
 - » Foothill/Eastern Tollroads (Cal.) down 7% in Q4 (also down 7% in Q4 2008)
 - » Chicago Skyway up 6.0% in Q4 (down 9.2% in Q4 2008)
 - » M6 Toll (UK) down 1.7% in Q4 (down 11.5% in Q4 2008)
 - » Indiana Toll Road up 1.7% in Q4 (down 16.4% in Q4 2008)
 - » Public Border Operators Association (11 border crossings in the Great Lakes/St. Lawrence area) down 14.3% in Q3 (down 5.9% in Q3 2008)
 - » Including Ambassador Bridge down 9.9% in August and 2% in September 2009 (down 20% and 19.4% respectively in 2008)
- » While 407 ETR has been affected by the economy and gas prices, the economic impact has continued to be significantly less dramatic than other concessions
 - » 407 ETR Q4 traffic down 0.6% (down 1.5% in Q4 2008)

407 ETR TRAFFIC



- » Demand for 407 ETR is still relatively strong, especially:
 - » In peak hours
 - » Among customers with transponders
 - » In specific sections (“zones”) of the highway
- » 2009 saw a global economic slowdown that affected toll traffic (especially commercial vehicles) world wide.
- » In 2009, 407 ETR saw a slight decrease in overall traffic
- » Contract provides flexibility to manage traffic volumes
- » 2010 toll rates use different tools to address these issues
 - » Zone Tolling
 - » Trip Toll Charge

TOLL RATES



2009 Toll Structure

	Regular Zone	Light Zone
Segments	W1 – C4	C5 – E2
Per KM Toll Charge	Pk: \$0.1985, OffPk: \$0.1800	Pk: \$0.1925, OffPk: \$0.1800
Trip Toll Charge	Light: 25¢	HSU:50¢ HMU:75¢

**Weighted Average Toll: \$ 0.1889 (1.4% Growth)
8.1% Growth in Typical Trip Toll (with TTC)**



2010 Toll Structure

	Regular Zone	Light Zone
Segments	W1 – C2 , C4, E1 – E2	C3, C5 – C7
Per KM Toll Charge	Pk: \$0.2135, OffPk: \$0.1835	Pk: \$0.2010, OffPk: \$0.1835
Trip Toll Charge	Light: 40¢	HSU:50¢ HMU:75¢

**Weighted Average Toll Rate: \$ 0.1968 (4.2% Growth)
7.7 % Growth in Typical Trip Toll (with TTC)**

SUMMARY OF TOLL RATE CHANGES

- ✓ Expansion of Zone Tolling
- ✓ Increased difference between Peak & Off-Peak pricing
- ✓ Use the levers available under the contract, including the Trip Toll Charge
- ✓ Attract commercial traffic by keeping the Heavy Single Vehicle and Heavy Multiple Vehicle Trip Toll Charge static

Continue to use the flexibility available in the contract to maximize value.

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

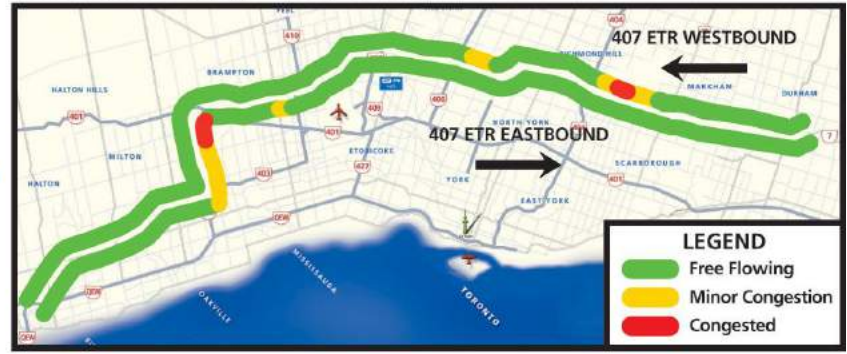


LEVEL OF SERVICE IMPROVEMENTS

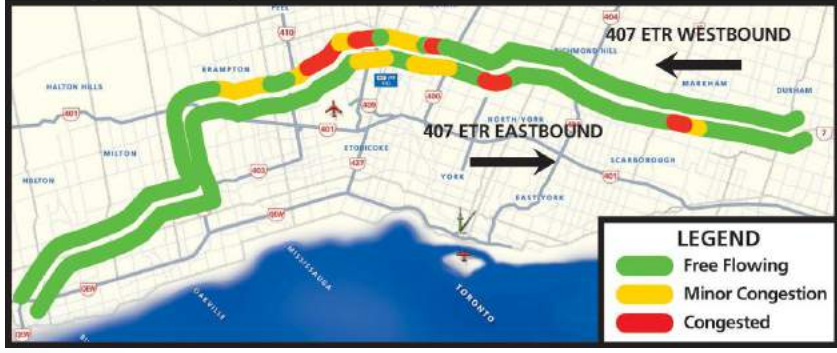
AM Peak Hour Level-of-Service (LOS)
Average Weekday – May 2005



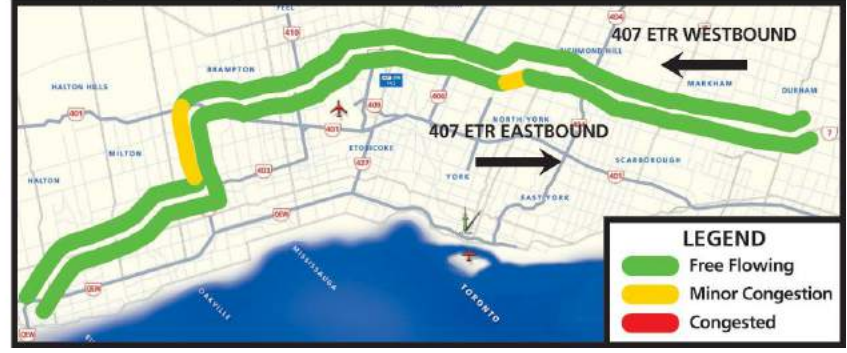
AM Peak Hour Level-of-Service (LOS)
Average Weekday – October 2009



PM Peak Hour Level-of-Service (LOS)
Average Weekday – May 2005



PM Peak Hour Level-of-Service (LOS)
Average Weekday – October 2009



» \$70 million of planned highway construction spending in 2010

1. W1

» Westbound connection onto QEW, lengthening of 403 W/QEW S ramp merge lane, modifications to QEW/Fairview St ramps

2. C1

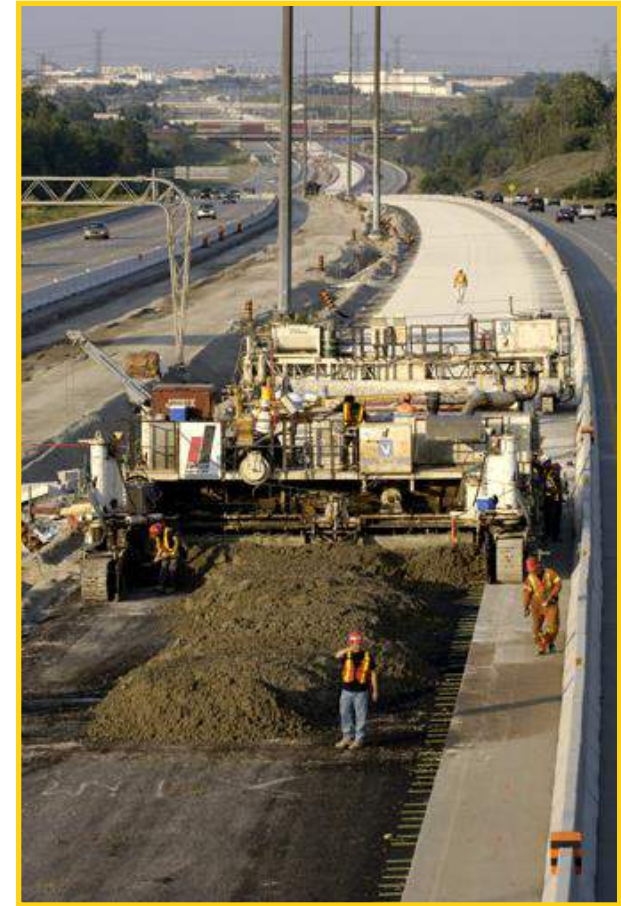
» Inside widening of Hwy 407 bridge structures at 16 Mile Creek and CPR, between 403 and 401

3. C2

» Structural repairs to Hwy 407 over the Credit River bridge structure

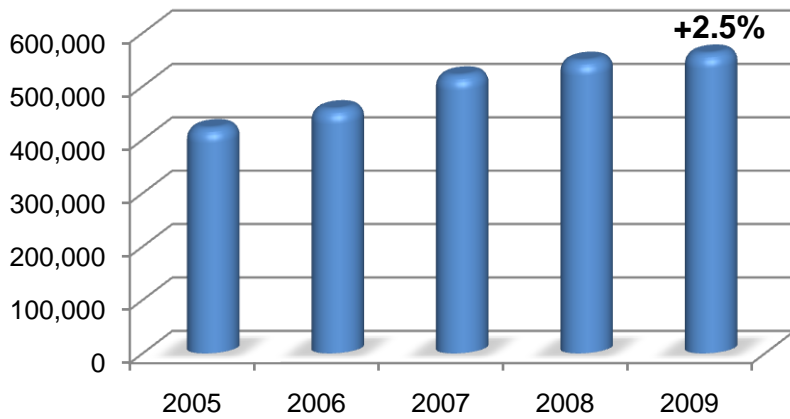
4. C7

» Inside widening of Hwy407 lanes from 404 to Markham Rd.

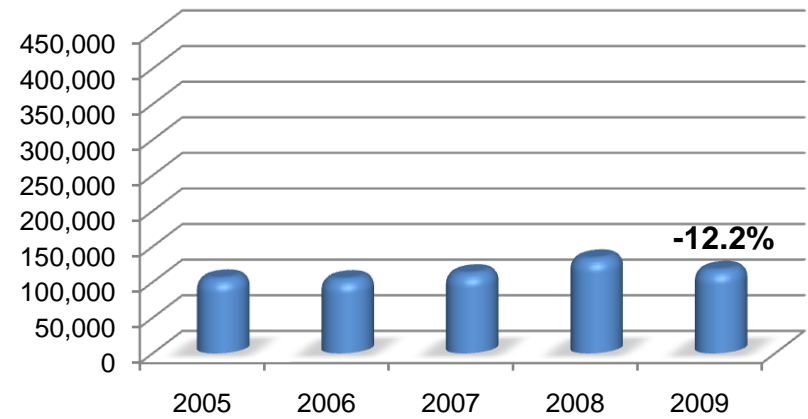


KEY INDICATORS - Financial

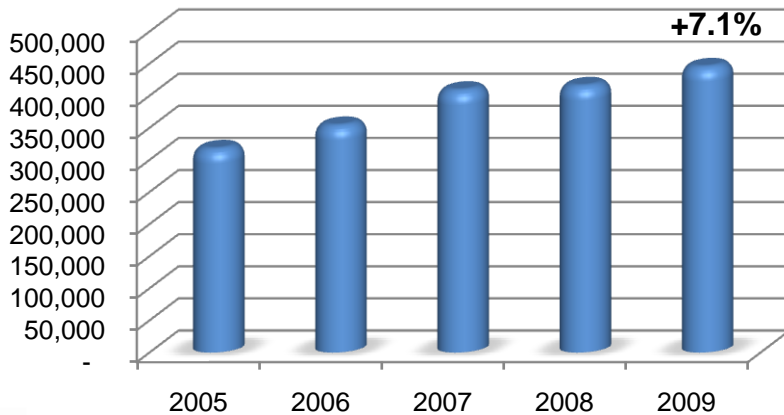
Revenues



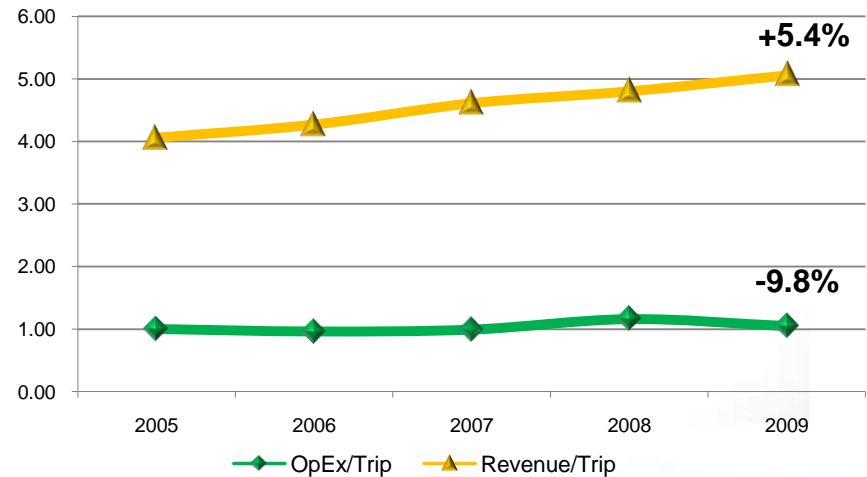
OpEx



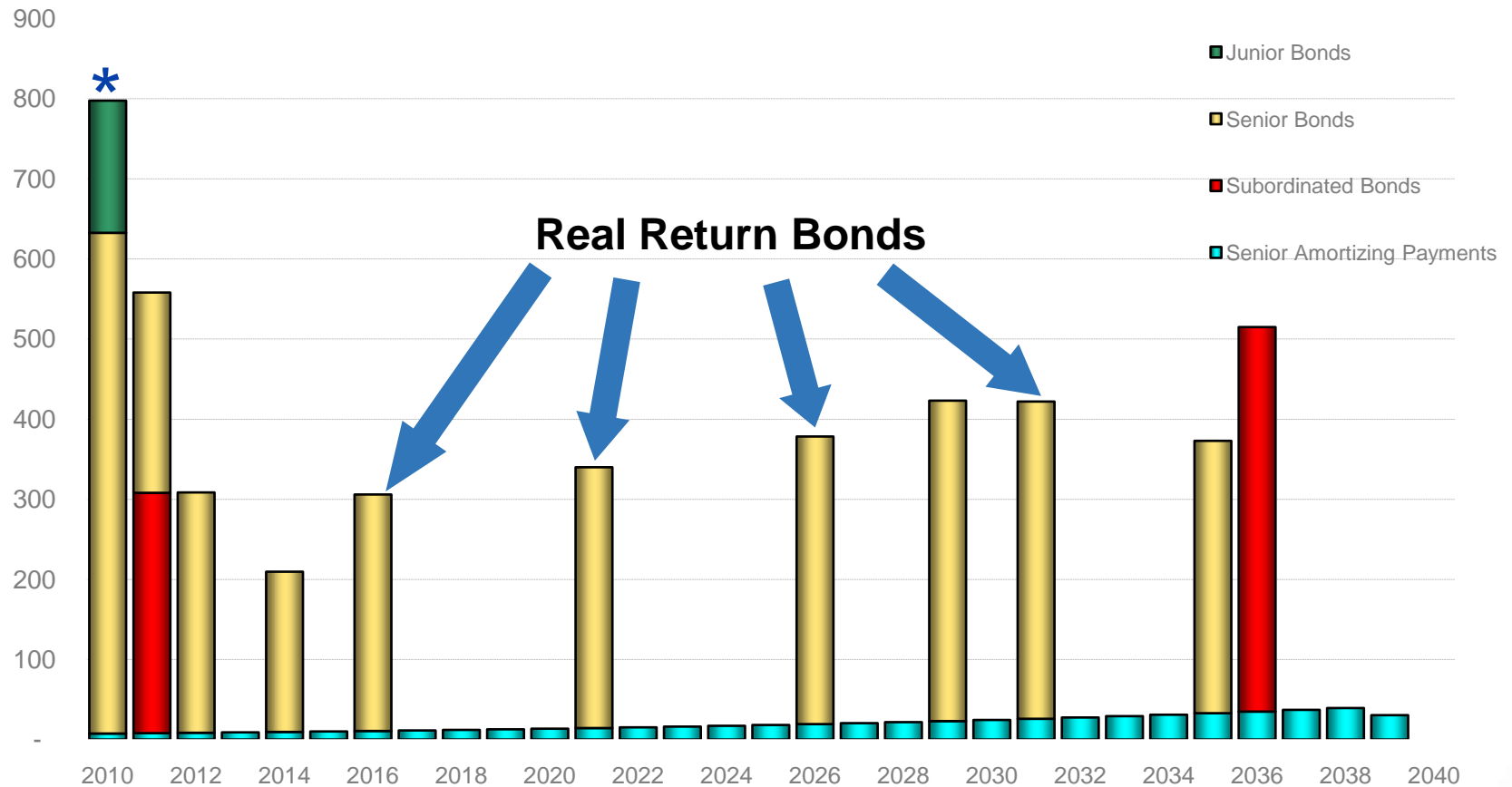
EBITDA



Revenue/Trip and Expenses/Trip



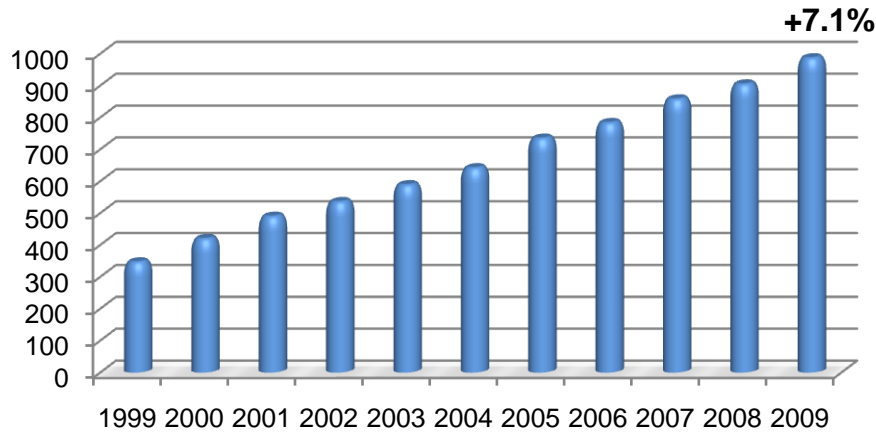
DEBT MATURITY PROFILE



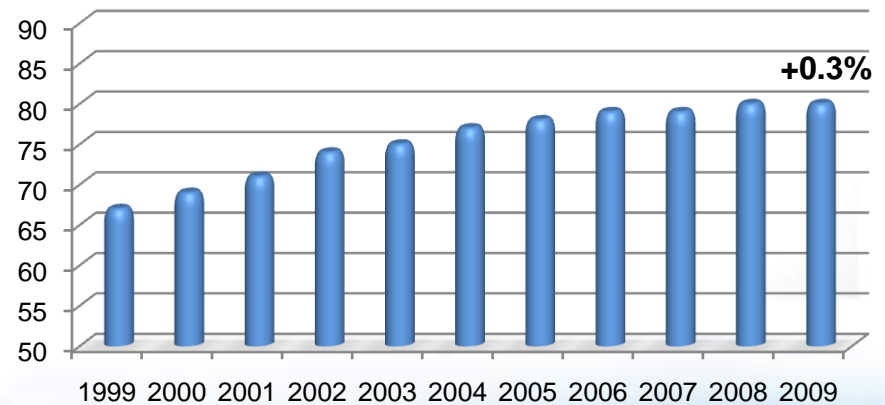
*** \$165 million Junior Bonds extendible to July 2040, at the option of the bondholders
- All bonds are now current-pay**

KEY OPERATIONAL MEASURES

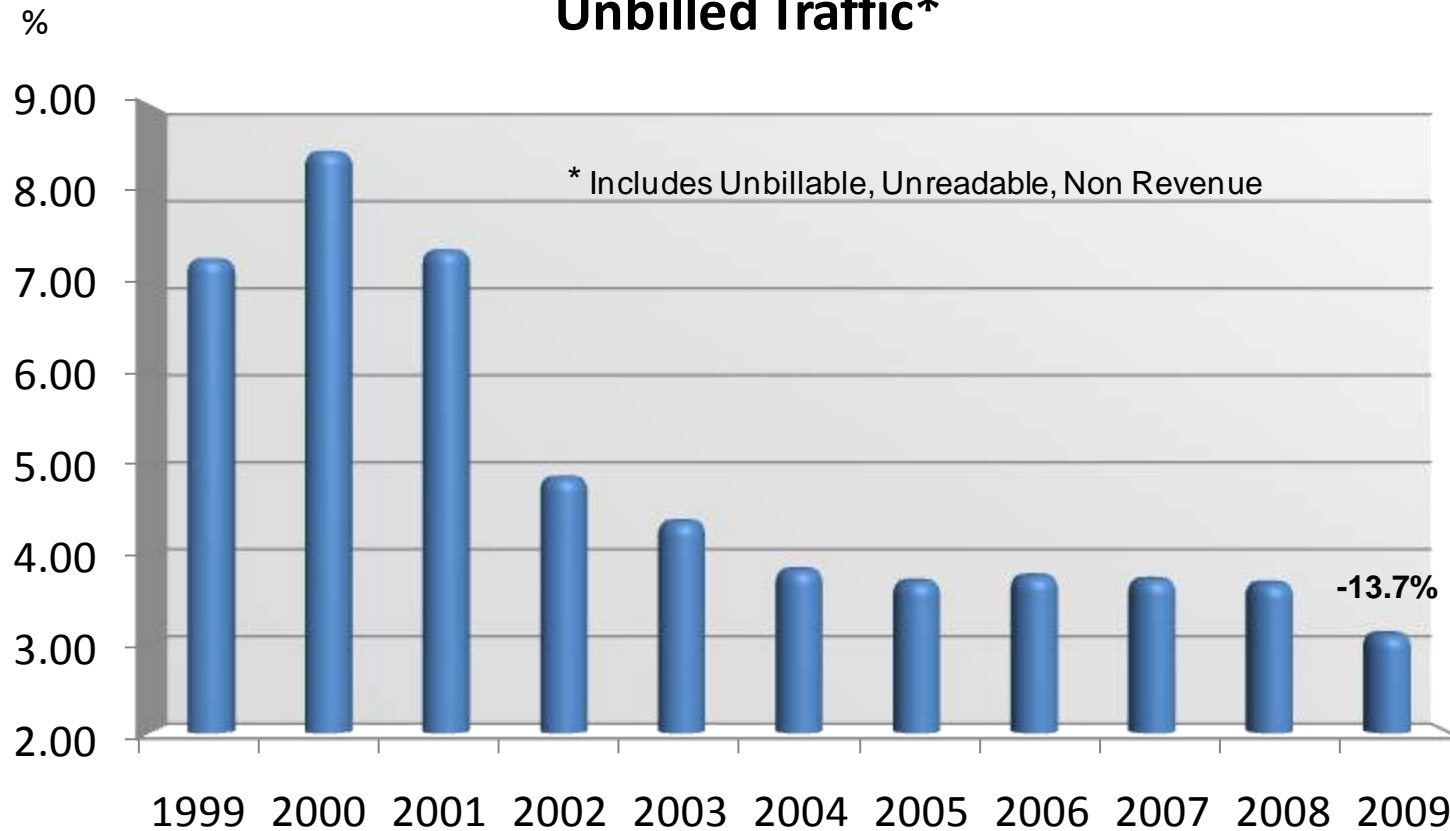
Transponders in Circulation (000's)



Transponder Penetration Percentage

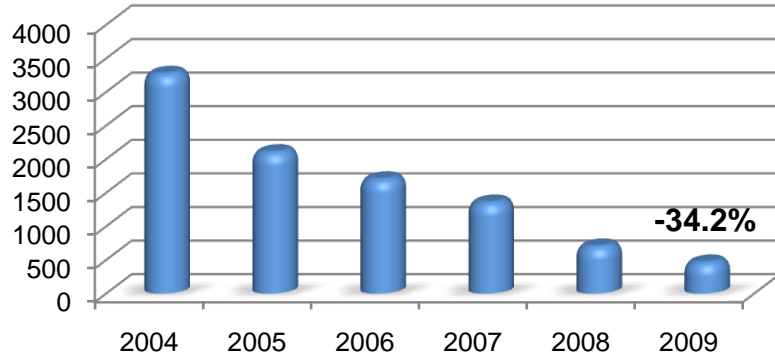


Unbilled Traffic*

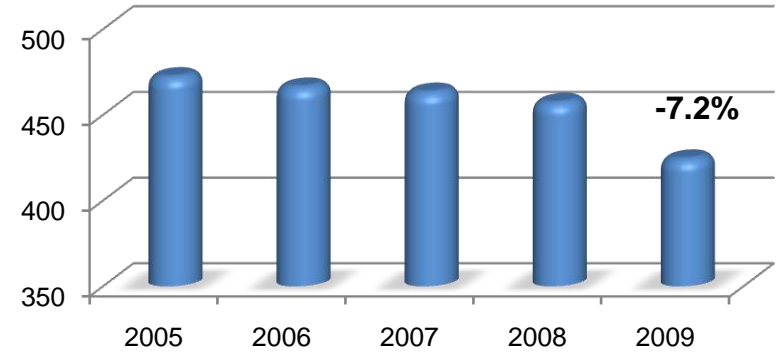


KEY INDICATORS – Customer Operations

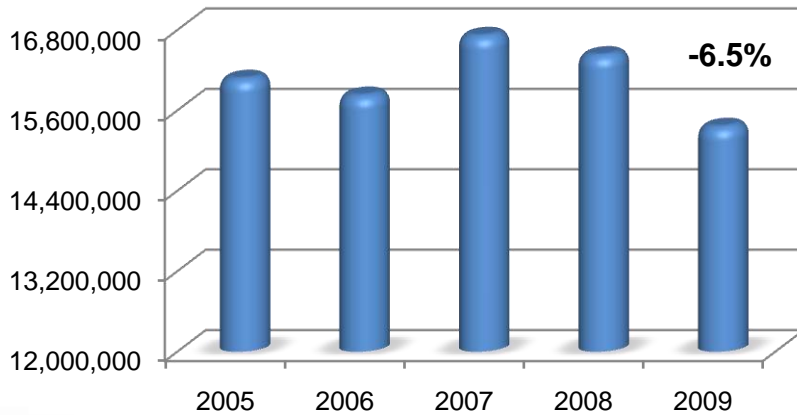
Number of Escalated Complaints



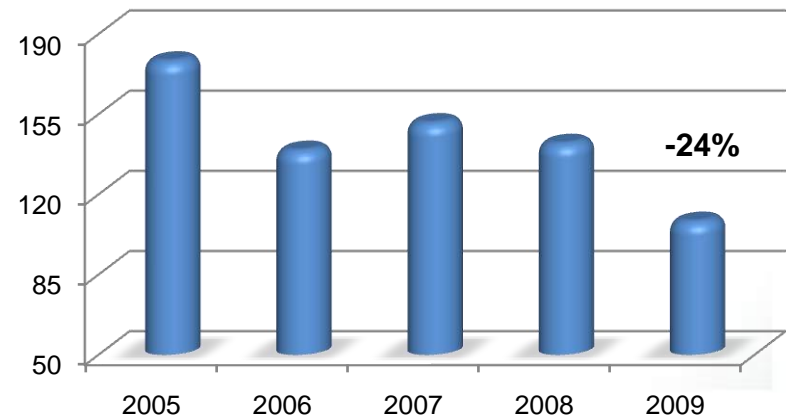
Average Handle Time (Seconds)



Bills Sent



Head Count



- » Vehicle Fingerprinting Technology
 - » IBTTA: President's Award for Excellence, and
 - » Toll Excellence Award in Technology
- » VEP second read
- » OCR improvement – new cameras (CMOS)
- » RIN consolidations
- » WEB – Self serve
- » E-Billing
- » Plate Denial back-log: proactive clean-up
- » OPP Mobile Reader

» Vehicle Fingerprinting Technology

- » Video traffic transactions can be impacted by weather, customer behaviour, condition of vehicle and licence plate.
- » With 20% of trips being captured by video, a significant amount of revenue relies on accurately identifying these non-transponder vehicles.
- » Research found technology used in Japanese parking lots that fingerprints the plate and rear of vehicles so that if plate returns you can match it to the fingerprint.
- » Two objectives in mind:
 - » Improve the readability of the vehicle plates
 - » Reduce the reliance on the manual reading of these plates
- » Not only did 407 ETR see a quick recoup on the costs, the system resulted in:
 - » 20% decrease in transactions routed for manual verification
 - » 37% reduction in headcount
 - » 17% improvement in the readability of plates in the dirty/rusty category
 - » 13% reduction in the recycle rate (number of times a plate is read by software or a human)
- » Added benefit: the increase in Customer Satisfaction among those that would have received a wrong or late bill due to a misread plate.

>> “Duplicate Plate or Altered Plate?”



The GMC Acadia that the real plates were being used on

Customer with GMC Acadia gets bills for trips not taken.

Identical plate used on GMC Safari numerous times. Appears to be a duplicate plate.

OPP set up a “sting” at the commuter’s usual entrance and usual drive time.

Vehicle is spotted by OPP with duplicate plate but plate changes by the time the OPP pulls over the driver of the GMC Safari on the highway.

Drill attached to an old right plate portion, which moves in front of the real plate on the GMC Safari by flicking a switch when entering and exiting the highway.

Driver cut cheque for outstanding tolls and rebuilt device for us to videotape. In this case, crime did pay!



Trip image of the duplicate plate being used by the GMC Safari



The back of the mechanism, showing the drill attached to the '128' plate portion



The toll evasion mechanism before being installed in the door of the GMC Safari

