This short form base shelf prospectus constitutes a public offering of these securities only in those jurisdictions where they may be lawfully offered for sale and therein only by persons permitted to sell such securities. No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise. These securities have not been and will not be registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act") or any state securities laws and may not be offered or sold within the United States unless registered under the U.S. Securities Act and applicable state securities laws or an exemption from such registration is available. See "Plan of Distribution".

This short form base shelf prospectus has been filed under legislation in each of the provinces of Canada that permits certain information about these securities to be determined after this prospectus has become final and that permits the omission from this prospectus of that information. The legislation requires the delivery to purchasers of a prospectus supplement containing the omitted information within a specified period of time after agreeing to purchase any of these securities.

Information has been incorporated by reference in this short form prospectus from documents filed with securities commissions or similar authorities in Canada. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Chief Financial Officer of 407 International Inc., 6300 Steeles Avenue West, Woodbridge, Ontario, L4H 1J1, (Telephone: (905) 265-4070) and are also available electronically at www.sedar.com.

SHORT FORM BASE SHELF PROSPECTUS

New Issue March 18, 2015

407 INTERNATIONAL INC.

$1,500,000,000

Medium-Term Notes (Secured)

407 International Inc. (the "Company") may offer from time to time during the 25-month period that this base shelf prospectus, including any amendments hereto (the "Prospectus"), remains valid, medium-term notes that are Senior Bonds (the "Notes") in one or more series or issues in an aggregate amount of up to $1,500,000,000 (or the equivalent thereof in other currencies based on the applicable exchange rate at the time of the offering). The Company's principal and head office is located at 6300 Steeles Avenue West, Woodbridge, Ontario, L4H 1J1.

The Notes will have maturities of not less than one year from the date of issue and will be either interest bearing Notes or non-interest bearing Notes and will be issued at par, at a discount or at a premium. The Notes will be direct secured obligations of the Company and will be issued under a supplemental indenture between the Company and BNY Trust Company of Canada. See "Capital Markets Platform". The Notes will be Senior Bonds that rank equally with all other secured and senior indebtedness of the Company. See "Description of the Notes".

The Notes may be offered in an amount and on such terms as may be determined from time to time depending on market conditions and other factors. The specific variable terms of any offering of Notes (including, where applicable and without limitation, the specific designation, the aggregate principal amount being offered, the currency, the issue and delivery dates, the maturity date, the issue price (or the manner of determination thereof if offered on a non-fixed price basis), the interest rate (either fixed or floating, and, if floating, the manner of calculation thereof), the interest payment date(s), the redemption, exchange or conversion provisions (if any), sinking or purchase fund provisions (if any), the repayment terms, the name and compensation of the agents, underwriters or dealers acting as principals, the method of distribution, the form (either global or definitive) and the actual net proceeds to the Company) will be set forth in pricing supplements (a "Pricing Supplement") that will accompany this Prospectus. The Company also reserves the right to include in a Pricing Supplement specific variable terms pertaining to the Notes which are not within the options and parameters set forth in this Prospectus. Unless otherwise indicated, all references to currency in this Prospectus are to Canadian dollars.

The Company has filed with the securities regulatory authorities in each of the provinces of Canada an undertaking that, subject to certain exceptions, it will pre-clear with such regulators the disclosure to be contained in any Pricing Supplements pertaining to "Linked Notes", as defined therein. See "Description of the Notes".

Rates on Application

The Notes will be offered for sale by any or all of BMO Nesbitt Burns Inc., RBC Dominion Securities Inc., TD Securities Inc., Scotia Capital Inc., National Bank Financial Inc., Casgrain & Company Limited, CIBC World Markets Inc. and Merrill Lynch Canada Inc. pursuant to the Dealer Agreement referred to under the heading “Plan of Distribution”, or by such other investment dealers as may be selected from time to time by the Company (collectively, the “Dealers” and individually, a “Dealer”). The Dealers shall act as the Company’s agents or as principals, as the case may be, subject to confirmation by the Company pursuant to the Dealer Agreement. The rate of compensation payable in connection with the sale of the Notes by the Dealers will be as determined by agreement between the Company and the Dealers, and will be set out in the Dealer Agreement. Notes may be purchased from time to time by any of the Dealers, as an underwriter or dealer purchasing as principal, at such prices and at such rates of compensation as may be agreed upon between the Company and any such Dealers, for resale to the public at prices to be negotiated with purchasers. Such resale prices may vary during the distribution period and as between purchasers. Each Dealer’s compensation will be increased or decreased by the amount by which the aggregate price paid for the Notes by the purchasers exceeds or is less than the gross proceeds paid by the Dealers, acting as principal, to the Company. The Notes may also be offered directly to the public by the Company pursuant to exemptions under applicable securities laws at prices and upon terms negotiated between the purchaser and the Company, in which case no commission will be paid to the Dealers. See “Plan of Distribution”.

The Notes are being offered on a continuous basis by the Company through the Dealers. Unless otherwise specified in the applicable Pricing Supplement, the Notes will not be listed on any securities exchange. There is no market through which these securities may be sold and purchasers may not be able to resell securities purchased under this Prospectus. This may affect the pricing of the securities in the secondary market, the transparency and availability of trading prices, the liquidity of the securities, and the extent of issuer regulation. See “Risk Factors”. The Company reserves the right to withdraw, cancel or modify the offer made hereby without notice. The Company or any Dealer, if applicable, may reject any offer to purchase Notes in whole or in part. See “Plan of Distribution”.

Pursuant to section 13.4 of Form 44-101F1, the Company is currently exempt from providing certain disclosure about its wholly-owned subsidiary guarantors that are guarantors under the Indenture which would otherwise be required by section 12.1 of Form 44-101F1. The Company, however, has provided an undertaking to the securities regulators in each of the provinces of Canada that: (1) if the Company no longer satisfies the conditions of the exemption set forth in section 13.4 of Form 44-101F1 at any time during the period that this Prospectus is effective, prior to distributing any Notes under this Prospectus, the Company will: (i) file an amendment to this Prospectus that: (A) reflects that the Company is no longer relying on the exemption in section 13.4 of Form 44-101F1, and (B) includes the disclosure required by Item 12 of Form 44-101F1; and (ii) file an undertaking with the securities regulators in each of the provinces of Canada that would require the Company to file the periodic and timely disclosure required in respect of each guarantor of the Notes similar to the disclosure required by section 12.1 of Form 44-101F1, for so long as any Notes distributed under this Prospectus remain outstanding; and (2) if Notes have been distributed under this Prospectus and the Company has not had to comply with item (1)(i) and item (1)(ii) above, for so long as any Notes distributed under the Prospectus remain outstanding: (i) the Company will continue to comply with the conditions of section 13.4 of Form 44-101F1; and (ii) if the Company fails to comply with one or more of the conditions of section 13.4 of Form 44-101F1, the Company will as soon as practicable: (A) notify the Ontario Securities Commission, and (B) file an undertaking with the securities regulators in each of the provinces of Canada that would require the Company to file the periodic and timely disclosure required in respect of each guarantor of the Notes similar to the disclosure required by section 12.1 of Form 44-101F1, for so long as Notes distributed under the Prospectus remain outstanding, in either case, unless (x) written consent for alternative disclosure has been provided by a Director of the Corporate Finance Branch of the Ontario Securities Commission, or (y) written consent for a revised undertaking has been provided by a Director of the Corporate Finance Branch of the Ontario Securities Commission. The financial results of each wholly-owned subsidiary guarantor that is a guarantor under the Indenture are included in the consolidated financial results of the Company incorporated by reference herein.

The offering of Notes is subject to approval of certain legal matters on behalf of the Company by Torys LLP, and on behalf of the Dealers by Davies Ward Phillips & Vineberg LLP.

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DOCUMENTS INCORPORATED BY REFERENCE

The following documents of the Company, which have been filed with the securities commissions or similar regulatory authorities in each of the provinces of Canada, are specifically incorporated by reference in this Prospectus:

(i) the Annual Information Form of the Company dated February 12, 2015 (the "Annual Information Form");

(ii) the Audited Consolidated Financial Statements of the Company as at and for the years ended December 31, 2014 and 2013, together with the notes thereto and the auditor's report thereon dated February 12, 2015; and

(iii) Management's Discussion and Analysis as at and for the year ended December 31, 2014.

Any documents of the types referred to above, together with any material change reports (excluding confidential material change reports) and business acquisition reports which are subsequently filed by the Company with any securities commission or similar regulatory authority in Canada after the date of this Prospectus and prior to the termination of any offering hereunder, shall be deemed to be incorporated by reference into this Prospectus. Copies of the documents incorporated herein by reference may be obtained on request without charge from the Chief Financial Officer of the Company at 6300 Steeles Avenue West, Woodbridge, Ontario, L4H 1J1, Telephone: (905) 265-4070. These documents are also available electronically at www.sedar.com.

Any statement contained in this Prospectus or in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded, for purposes of this Prospectus, to the extent that a statement contained herein or in any other subsequently filed document which also is or is deemed to be incorporated by reference herein modifies or supersedes such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not constitute a part of this Prospectus, except as so modified or superseded.

Upon a new annual information form and the related annual audited consolidated financial statements together with the auditor's report thereon and management's discussion and analysis related thereto being filed by the Company with, and where required, accepted by, the applicable securities regulatory authorities during the currency of this Prospectus, the previous annual information form, the previous annual audited consolidated financial statements together with the auditor's report thereon and management's discussion and analysis related thereto, and all interim financial statements, interim management's discussion and analysis and material change reports filed prior to the commencement of the Company's financial year in which the new annual information form was filed no longer shall be deemed to be incorporated into this Prospectus for the purpose of future offers and the sales of Notes hereunder.

All information omitted from this Prospectus will be contained in one or more Pricing Supplements containing the specific terms for the issue of Notes and will be delivered to purchasers of such Notes together with this Prospectus. Each Pricing Supplement will be incorporated by reference into this Prospectus for the purposes of securities legislation as of the date of such Pricing Supplement and only for the purposes of the distribution of the Notes to which such Pricing Supplement pertains.

An updated earnings coverage ratio will be filed quarterly with the applicable securities regulatory authorities and will be deemed to be incorporated by reference into this Prospectus for the purposes of

future offers and sales of Notes hereunder. Any “template version” of “marketing materials” (each as defined in National Instrument 41-101 – General Prospectus Requirements) filed after the date of a Pricing Supplement and before the termination of the distribution of the Notes offered pursuant to that Pricing Supplement (together with this Prospectus) shall be deemed to be incorporated by reference into that Pricing Supplement.

In this Prospectus, unless otherwise specified or the context otherwise requires, all dollar amounts are expressed in Canadian dollars.

FORWARD-LOOKING STATEMENTS

This Prospectus includes or incorporates by reference statements about expected future events and financial and operating results that 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 forward-looking statements reflect the internal projections, expectations, future growth, performance and business prospects and opportunities of the Company and are based on information currently available to the Company. Actual results and developments may differ materially from results and developments discussed in the forward-looking statements as they are subject to a number of risks and uncertainties as discussed in the Management’s Discussion and Analysis and Annual Information Form incorporated by reference in this Prospectus. In developing these forward-looking statements, certain material assumptions were made as discussed in the Management’s Discussion and Analysis incorporated by reference in this Prospectus. These forward-looking statements are also subject to the risks described under the heading “Risk Factors”. Readers are cautioned not to place undue reliance on the Company’s forward-looking statements and assumptions as management of the Company and its subsidiaries (“Management”) cannot provide assurance that actual results or developments will be realized or, even if substantially realized, that they will have the expected consequences to, or effects on, the Company. These forward-looking statements are subject to change as a result of new information, future events or other circumstances, as discussed above, in which case they will only be updated by the Company where required by law.

THE COMPANY

The Company was incorporated on March 17, 1999 under the *Business Corporations Act* (Ontario) (the “OBCA”). The Company was established for the purpose of submitting a bid to the Government of the Province of Ontario (the “Province”) to acquire all of the issued and outstanding shares of 407 ETR Concession Company Limited (“407 ETR”). Currently, the principal business of the Company is the ownership of 407 ETR and, through 407 ETR, the operation, maintenance, management and expansion of Highway 407. On October 10, 2003, the Company was continued under the *Canada Business Corporations Act* (the “CBCA”). The registered and principal executive office of the Company, and the head office of 407 ETR, are located at 6300 Steeles Avenue West, Woodbridge, Ontario, L4H 1J1.

407 ETR was established by the Province in 1993 as a Crown agency under the name Ontario Transportation Capital Corporation (“OTCC”) to oversee the design, construction, operation, maintenance, management and financing of Highway 407. On April 6, 1999, OTCC was continued by the Province as a share capital corporation under the OBCA under the name “407 ETR Concession Company Limited” and entered into a 99-year concession and ground lease agreement (the “Concession Agreement”) with the Province. On October 10, 2003, 407 ETR was continued as a corporation under the CBCA.

On December 6, 2001, 2007466 Ontario Inc. was incorporated under the OBCA. On October 10, 2003, 2007466 Ontario Inc. was continued under the CBCA under the name Canadian Tolling Company International Inc. (“CanToll”). CanToll assumed ownership of a new integrated computerized accounting, billing

and customer relationship management system, and since 2001, new transponders, and is responsible for the development and maintenance of this system. See “Business of the Company”.

On October 5, 2009, 7253770 Canada Inc. (“7253770”) was incorporated under the CBCA to enter into a series of inter-company transactions to facilitate the efficient financing of the 407 International group of companies.

On October 31, 2011, 8011397 Canada Inc. (“8011397”) was incorporated under the CBCA to enter into a series of inter-company transactions to facilitate the efficient financing of the 407 International group of companies.

On November 25, 2011, Financing Limited Partnership (“Financing Limited Partnership”) was registered as a partnership under the *Limited Partnerships Act* (Ontario) to enter into a series of inter-company transactions to facilitate the efficient financing of the 407 International group of companies.

On April 30, 2012, 8018278 Canada Inc. (“8018278”) was incorporated under the CBCA to enter into a series of inter-company transactions to facilitate the efficient financing of the 407 International group of companies.

On August 28, 2014, 8915172 Canada Inc. (“8915172”) was incorporated under the CBCA to enter into a series of inter-company transactions to facilitate the efficient financing of the 407 International group of companies.

The Company has no subsidiaries other than 407 ETR, CanToll, 7253770, 8011397, Financing Limited Partnership, 8018278 and 8915172, all of which are directly or indirectly wholly-owned by the Company.

RECENT DEVELOPMENTS

There have been no material developments in the business of the Company since December 31, 2014, the date of the Company’s annual audited consolidated financial statements, which have not been disclosed in this Prospectus or the documents incorporated by reference therein.

On February 11, 2015, Louis-M. St-Maurice, the Chief Financial Officer and Corporate Secretary of the Company, advised the Company that following his retirement from SNC-Lavalin in early April 2015, which appointed him as the Company’s Chief Financial Officer and Corporate Secretary, he will be departing from the Company and will cease to serve as an officer of the Company as of such date. The Company is currently in the process of determining a successor to Mr. St-Maurice.

BUSINESS OF THE COMPANY

The principal business of the Company is the ownership of 407 ETR and, through 407 ETR, the construction, operation, maintenance and management of Highway 407. Highway 407 is the world’s first all-electronic, open-access toll highway and traverses the Greater Toronto Area (“GTA”), Canada’s largest urban centre. As part of Toronto’s integral transportation network, Highway 407 currently stretches 108 kilometres from the west to the east of the GTA and directly connects to seven other large freeways — Queen Elizabeth Way (“QEW”), 403, 401, 410, 427, 400 and 404. Highway 407 comprises three main sections: Highway 407 Central, Highway 407 West Extension and Highway 407 East Partial Extension. Highway 407 Central was opened to traffic in June 1997 and commenced tolling in October 1997. The Highway 407 West Extension and Highway 407 East Partial Extension were completed in July and August 2001, respectively.

The Company’s mission is to maximize both customer satisfaction and shareholder value by delivering a superior travel experience and providing a fast, safe, reliable and convenient alternative transportation route in

the GTA. Total vehicle kilometres travelled ("VKT") on Highway 407 in 2014 were approximately 2.44 billion. As at December 31, 2014, approximately 1.2 million transponders were in circulation.

The rights and obligations of 407 ETR with respect to Highway 407 are governed by the *Highway 407 Act, 1998* (Ontario) and the regulations made thereunder (the "407 Act") and the Concession Agreement. The Concession Agreement grants 407 ETR a 99-year ground lease (which commenced on April 6, 1999) of the lands upon which the 407 ETR Operations Centre and tolling system are located or constructed upon, and the lands and premises used for patrol yards for Highway 407, commuter parking lots and inspection stations (collectively, the "Project Lands"), which are owned by the Province, and grants 407 ETR an exclusive concession with respect to Highway 407.

Under the Concession Agreement, 407 ETR was required at its expense to develop, design, build and finance the development, design and building of the Highway 407 West Extension, the Highway 407 East Partial Extension and the Highway 407 Central Deferred Interchanges (all of which have now been completed, other than two interchanges the construction of which has been deferred to 2015 at which time an analysis of the feasibility of the construction of the interchanges will be conducted. If it is determined that the interchanges should be constructed, construction will commence in 2020. In addition, the obligation to construct an interchange at either North Road or Sideline 24 has been deferred to the earlier of 2019, or until such time as the development of the surrounding land is approved) and to finance, operate, manage, maintain, rehabilitate and toll the Project (as defined in the Concession Agreement), all in accordance with specified standards. 407 ETR is obligated, at its expense, to ensure that Highway 407 complies at all times with the safety standards established generally for controlled access highways by the Province, which standards may be upgraded by the Province at any time. The Concession Agreement further provides that the Province may impose higher safety standards than those applicable to other controlled access highways, but the Province will reimburse 407 ETR for the incremental cost of complying with such higher standards.

As permitted under the 407 Act, the Concession Agreement authorizes 407 ETR to charge and collect tolls, administration fees and interest in connection with the use of Highway 407. The rights to non-toll revenues have been retained by the Province. The range and scope of the tolls which may be charged by 407 ETR are set out in the Tolling, Congestion Relief and Expansion Agreement (the "TCREA") dated as of April 6, 1999 between the Province and 407 ETR.

Toll collection on Highway 407 is accomplished through the use of an all-electronic system that relies upon either vehicle-mounted transponders or video-based licence plate imaging to identify vehicles for the purposes of billing. This system was designed based on the following concepts:

- **All Electronic Toll Collection:** Toll transactions are registered electronically under an open road system. There are no barriers, cash or token/ticket toll booths or coin machines. Motorists are not required to stop or slow down, nor are they subject to any lane restrictions, in order to pay tolls.
- **Open Access Highway:** All vehicles are able to travel on Highway 407. Users are either identified for billing purposes through video-based licence plate identification or by a transponder.
- **Revenue Maximization:** Fully flexible toll rates enable the operator of Highway 407 to manage congestion and maximize revenue by charging based on usage, by time of day, by vehicle type and by zone of Highway 407.

As a vehicle enters or exits Highway 407, vehicle information is gathered either by reading a vehicle-mounted transponder or by recording the licence plate as a digital video image. This information is transmitted to the Company's billing system where an entry and an exit are matched to generate a complete trip. Tolls are calculated and billed to the user's account. In the case of a first-time non-transponder user, name and address information for Ontario residents are obtained from the Province's Ministry of Transportation (the "MTO") licence plate database. For non-Ontario residents, 407 ETR has established agreements with certain other

jurisdictions to obtain name and address information for first-time non-transponder users with out-of-province vehicle registrations. Tolls are accumulated and invoices are prepared and sent on a monthly basis.

EARNINGS COVERAGE

The following does not give effect to the issue of any Notes pursuant to this Prospectus. The Company's interest expense on long-term debt amounted to $365.2 million for the year ended December 31, 2014. The Company's consolidated net income before income taxes and interest expense on long-term debt for the year ended December 31, 2014 was $667.9 million and the earnings coverage was $302.7 million, or 1.83 times.

When the Company updates its disclosure of earnings coverage ratios by a prospectus supplement, the prospectus supplement filed with applicable securities regulatory authorities that contains the most recent updated disclosure of interest coverage ratios and any prospectus supplement supplying any additional or updated information the Company may elect to include (provided that such information does not describe a material change that has not already been the subject of a material change report or a prospectus amendment) will be delivered to purchasers of securities together with this Prospectus and will be deemed to be incorporated into this Prospectus as of the date of the prospectus supplement.

The earnings coverage calculations above have been provided to comply with disclosure requirements of the Canadian Securities Administrators. The Company is subject to certain financial coverage tests in certain circumstances pursuant to the Indenture (as defined below), the calculations of which are different than the earnings coverage calculations previously described. The Company cannot issue any Notes that are Senior Bonds (as defined below under "Capital Markets Platform — Indenture Terms Glossary") unless certain financial coverage tests with respect to Annual Senior Debt Service (as defined below under "Capital Markets Platform — Indenture Terms Glossary") are satisfied, based either on projected Net Revenues (as defined below under "Capital Markets Platform — Indenture Terms Glossary") over the subject fiscal year and the following five fiscal years or actual Net Revenues for any 12-month period during the most recently completed 18-month period. See "Capital Markets Platform — Additional Indebtedness Covenant" and "Capital Markets Platform — Rate Covenant".

CREDIT RATINGS

Standard & Poor's Ratings Services ("S&P") and DBRS Limited ("DBRS") have each assigned provisional ratings of "A" in respect of the Notes. S&P and DBRS have each assigned an "A" rating to the Company's Senior Debt (as such term is defined in the Indenture).

Credit ratings are intended to provide investors with an independent measure of the credit quality of an issue of securities and are indicators of the likelihood of the payment capacity and willingness of an issuer to meet its financial commitment on an obligation in accordance with the terms of the obligation. S&P and DBRS classify debt instruments into ten rating categories ranging from a high of "AAA" to a low of "D". The "A" rating is the third highest rating category employed by each of S&P and DBRS.

S&P uses "+" and "–" designations to indicate the relative standing of the securities being rated within a particular rating category. According to information made publicly available by S&P, under the S&P rating system, debt securities rated in the "A" category indicate that the debt instrument is considered somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligations in higher-rated categories. However, the obligor's capacity to meet its financial commitment on the obligation is still strong.

DBRS uses "high" and "low" designations to indicate the relative standing of the securities being rated within a particular rating category. The absence of either a "high" or "low" designation indicates the rating is in

the “middle” of the category. According to information made publicly available by DBRS, under the DBRS rating system, debt securities rated in the “A” category indicate that the obligor of the debt instrument is of good credit quality. The capacity for the payment of its financial obligations is substantial, but of lesser credit quality than “AA”. Entities with securities rated in the “A” category may be vulnerable to future events, but qualifying negative factors are considered manageable.

The credit ratings assigned to the Company’s debt are not recommendations to buy, sell or hold such securities nor are they a comment upon the market price of the securities or their suitability for a particular investor. There is no assurance that any rating will remain in effect for any given period of time or that any rating will not be revised or withdrawn entirely by a rating agency in the future if, in its judgment, circumstances so warrant.

The Company has paid customary rating fees to S&P and DBRS in connection with the assignment of ratings to the Company’s medium-term notes and will pay customary rating fees to S&P and DBRS in connection with the confirmation of such ratings for purposes of the Prospectus and any offering of Notes hereunder. In addition, the Company has made customary payments in respect of certain other services provided to the Company by each of S&P and DBRS during the last two years.

USE OF PROCEEDS

The net proceeds from the issue of the Notes will be the issue price thereof less any compensation paid to the Dealers in connection therewith. Such net proceeds cannot be estimated, as the amount will depend on the extent to which the Notes are issued. The maximum aggregate amount of Notes will not exceed $1,500,000,000 (or the equivalent thereof in other currencies based on the applicable exchange rate at the time of the offering) calculated on the basis of the principal amount of the Notes issued by the Company, in the case of interest bearing Notes, or on the basis of the gross proceeds received by the Company, in the case of non-interest bearing Notes. The Notes may be issued by the Company from time to time during the 25-month period that the Prospectus remains valid.

Unless otherwise specified in a Pricing Supplement, the net proceeds resulting from the issue of the Notes will be used (i) to finance the Company’s general operating, capital and funding requirements, (ii) to fund certain reserve funds to be maintained by the Company pursuant to the Indenture (as defined below) and any supplement thereto, (iii) to pay expenses of an offering of Notes, and (iv) for other general corporate purposes.

CAPITAL MARKETS PLATFORM

In conjunction with its financial advisors, the Company has developed a financing plan referred to from time to time in this Prospectus as the “Capital Markets Platform”. This financing plan encompasses an ongoing program capable of accommodating a variety of corporate debt instruments and borrowings, including term bank debt, revolving bank lines of credit, publicly issued and privately placed debt securities, commercial paper, medium-term notes, interest rate and currency swaps and other hedging instruments.

On May 5, 1999, the Company, 407 ETR and BNY Trust Company of Canada (as successor to The Trust Company of Bank of Montreal), as trustee (the “Trustee”), entered into a master trust indenture which was amended and restated on July 20, 1999 and effective as of May 5, 1999 (the “Indenture”) which establishes common security and a set of common covenants given by the Company and 407 ETR for the benefit of all of their creditors under the Capital Markets Platform. Bonds (as defined in the Indenture) are issued under supplemental indentures (“Supplemental Indentures”) to the Indenture, either as obligation bonds (“Obligation Bonds”), to evidence the direct indebtedness of the Company to the holder of such bonds, or by way of pledged bonds (“Pledged Bonds”), to be held by the holder as security for the indebtedness specified in the pledge. Under

the Indenture, the Company can issue the following classes of Bonds (each a "Class"): (i) Senior Bonds, (ii) Junior Bonds, which are subordinate to the Senior Bonds, and (iii) Subordinated Bonds, which are subordinate to both the Senior and Junior Bonds. An unlimited number of series (each a "Series") of Bonds may be issued within each of these three Classes of Bonds subject to any restriction set forth in a Supplemental Indenture. All Bonds of all Series within a Class will rank *pari passu* with all other outstanding Bonds of such Class, except with respect to any sinking fund or Series Reserve Account (as defined in the Indenture) established for the benefit of a particular Series. Each Bond of a particular Series shall, in all respects, be equally secured with all other Bonds of such Series. The specific terms and conditions of each Series of Bonds are to be set forth in the Supplemental Indenture authorizing that Series.

The following summary of the principal provisions contained in the Indenture is qualified in its entirety by reference to the Indenture. This overview summarizes certain complex provisions of the Indenture and omits descriptions of many provisions thereof. A more extensive summary of the provisions of the Indenture is set forth in Schedule D of the Annual Information Form. Certain defined terms and capitalized terms contained in this section of the Prospectus are more fully defined in the Indenture.

Additional Indebtedness Covenant

There is no limit on the aggregate amount of Additional Indebtedness which may be secured under the Indenture. However, the Company will not be permitted to issue any Additional Indebtedness secured under the Indenture unless the Company meets the following conditions (subject to certain exceptions for Refunding Bonds and Subordinated Bonds):

(a) no Event of Default has occurred and is continuing under the Indenture or any Supplemental Indenture;

(b) the amounts held in any fund required to be maintained by the Company or 407 ETR under the Indenture or any Supplemental Indenture are at least equal to the amounts required to be maintained in such funds on the date the Additional Indebtedness exists; and

(c) the Company has delivered to the Trustee written confirmation from each Rating Agency which has a current rating on any outstanding Bonds that no Adverse Ratings Effect will occur as a consequence of the creation, incurrence or assumption of such Additional Indebtedness. For the purposes of the Indenture, "Adverse Ratings Effect" means, at any time, the withdrawal or reduction by any Rating Agency which, at such time, has a current rating on any of the then outstanding Senior Bonds or Junior Bonds which are Obligation Bonds, below the then-current rating of such outstanding Obligation Bonds.

Notwithstanding the foregoing, the Supplemental Indenture relating to the Notes to be issued under this Prospectus will provide that holders of Notes will not have the benefit of the condition described in clause (c) above unless specifically provided for in the Pricing Supplement relating to those Notes.

In addition, in order to issue any Additional Indebtedness, other than Additional Indebtedness under Subordinated Bonds, Refunding Bonds or Completion Bonds, the Company must satisfy certain financial coverage tests, based on either projected Net Revenues over the next five Fiscal Years or actual Net Revenues (as defined below under "— Indenture Terms Glossary") for any 12-month period during the most recently completed 18-month period. To demonstrate that such financial tests are met, the Company must deliver to the Trustee either:

(a) a certificate from the Consultant (as defined below under "— Indenture Terms Glossary") certifying that the estimated Revenues (as defined below under "— Indenture Terms Glossary") and Net Revenues based on reasonable and prudent projections, assumptions and hypotheses, shall be sufficient to permit the Company to comply with the Rate Covenant (as defined below under "— Rate Covenant") in the then current Fiscal Year and in each of the following five Fiscal Years, assuming

that the full amount of the Additional Indebtedness is outstanding at all times and assuming that paragraph (b) of the Rate Covenant provides as follows:

(i) in the case of the issue of Additional Indebtedness which is Senior Debt (as defined below under "— Indenture Terms Glossary"), Net Revenues in each Fiscal Year will be at least equal to (x) 145% of the Annual Senior Debt Service (as defined below under "— Indenture Terms Glossary") with respect to that Fiscal Year; and (y) 130% of the Annual Junior Debt Service (as defined below under "— Indenture Terms Glossary") with respect to that Fiscal Year; and

(ii) in the case of the issue of Additional Indebtedness which is Junior Debt, Net Revenues in each Fiscal Year will be at least equal to 130% of the Annual Junior Debt Service with respect to that Fiscal Year; or

(b) an Officers' Certificate certifying that Net Revenues during any consecutive 12-month period during the most recently completed 18-month period, assuming that the full amount of the Additional Indebtedness had been incurred at the beginning of the most recently completed 18-month period and was outstanding at all times during such 18-month period, was not less than:

(i) in the case of the issue of Additional Indebtedness which is Senior Debt, (x) 135% of the Annual Senior Debt Service with respect to that Fiscal Year; and (y) 120% of the Annual Junior Debt Service with respect to that Fiscal Year; and

(ii) in the case of the issue of Additional Indebtedness which is Junior Debt, 120% of the Annual Junior Debt Service with respect to that fiscal year.

The specified amount in the certificate issued by the Consultant as described above upon the first issue by the Company of Bonds evidencing or securing Additional Indebtedness (other than Refunding Bonds, Completion Bonds or Subordinated Bonds) shall be Certified Indebtedness, which certificate may be replaced from time to time at the request of the Company, and such certificate shall indicate that the Company will be able to comply with the requirements for the issuance of such a certificate if it has outstanding such specified amount of Indebtedness. For the purposes of the Indenture, "Certified Indebtedness" means, at any time, the aggregate amount of Indebtedness which the Consultant has certified may be incurred by the Company, 407 ETR and any other Subsidiaries and secured under the Indenture, whether or not the Company, 407 ETR or any other Subsidiary has incurred such amount. Once the Consultant has determined the amount of such permitted Certified Indebtedness, the Company may borrow and re-borrow or otherwise secure liabilities within this limit, including, without limitation, Obligation Bonds and pursuant to borrowings under bank credit facilities and commercial paper, medium-term note programs and liabilities in respect of letters of credit and derivatives; provided, however, that any determination of Certified Indebtedness may not be relied upon after 12 months from the date of such determination. If the Company requires greater financing capacity for such purposes, it must obtain a new certificate from the Consultant and deliver to the Trustee an Officer's Certificate of the Company confirming that it may incur such Additional Indebtedness for such greater amount. In preparing all certificates required to be delivered from time to time, the Consultant will assume that the full amount of Certified Indebtedness is outstanding at all times.

Completion Bonds

Notwithstanding the Additional Indebtedness covenant, the Company may issue Completion Bonds in an amount not exceeding 10% of the aggregate original estimated cost of any Development Project in order to finance the completion of such Development Project without violating the Additional Indebtedness covenant, provided that at least two of the Rating Agencies (or one of the Rating Agencies if the Bonds are then rated by only one Rating Agency) have provided written confirmation that such issue of Completion Bonds will not result in an Adverse Ratings Effect for any Senior or Junior Bonds.

Rate Covenant

The Company and 407 ETR shall establish and at all times maintain tolls, rentals, rates, fees, charges and interest on unpaid tolls, fees and charges, in connection with the use of Highway 407 and the toll system and for services rendered by the Company, 407 ETR and any other Subsidiaries in connection with Highway 407 (the "Rate Covenant") so that:

(a) Revenues in each Fiscal Year together with any net proceeds from the issue of equity securities and Subordinated Debt (as defined below under "— Indenture Terms Glossary") in such Fiscal Year will be at least sufficient to make:

  (i) all required debt service payments (other than capitalized interest and sums otherwise provided for) and deposits in Funds and Reserve Funds in such Fiscal Year with respect to any of the outstanding Indebtedness, any Subordinated Debt and any general obligations issued by the Company, 407 ETR and any other Subsidiary; and

  (ii) all other payments required to be made by the Company, 407 ETR and any other Subsidiary in the ordinary course of their respective businesses, including payment of all Operating and Maintenance Expenses or payments required in such Fiscal Year under any Capital Lease Obligations and Purchase Money Obligations and payments on Subordinated Debt; and

(b) Net Revenues together with any net proceeds from the issue of equity securities and Subordinated Debt in each Fiscal Year will be at least equal to (A) 125% of the Annual Senior Debt Service with respect to that Fiscal Year; and (B) 115% of the Annual Debt Service with respect to that Fiscal Year.

Notwithstanding the above, 407 ETR shall not be obligated to increase any tolls, rentals, rates, fees, charges or interest on unpaid tolls, fees and charges in connection with the use of Highway 407 if either the Company or 407 ETR provides the Trustee with a written opinion of the Highway Consultant that such increase would reasonably be expected to result in a net decrease in aggregate toll revenues because of decreases in traffic volumes or if such increase would not be permitted under the Project Agreements or any applicable law.

In the event that Revenues or Net Revenues for any full Fiscal Year are less than the amount specified above, but the Company and 407 ETR have promptly taken, prior to or during the next succeeding Fiscal Year (to the extent 407 ETR is permitted to do so by the Province under the Concession Agreement and the other Project Agreements), all lawful measures to revise the schedule of tolls, rentals, rates, fees and charges as required, such deficiency in Revenues or Net Revenues, as the case may be, shall not constitute an Event of Default under the provisions of the Indenture.

Junior Bonds

The following provisions apply to all Series of Junior Bonds so long as any Senior Bonds are outstanding:

(a) Holders of Junior Bonds shall be entitled to attend the meetings of holders of Junior Bonds as a Class, or of any Series of Junior Bonds, and shall be entitled to vote at any such meeting in accordance with the terms of the Indenture. Holders of Junior Bonds shall be entitled to attend any meeting of the Bondholders of all Classes of Bonds but shall not be entitled to vote thereat unless, and only to the extent that, there is a vote of Bondholders of Junior Bonds as a Class held at such meeting.

(b) All Indebtedness of the Company evidenced by or collaterally secured by the Junior Bonds is postponed, to the extent necessary to comply with clauses (c) and (d) below, to the Indebtedness of the Company evidenced or collaterally secured by the Senior Bonds.

(c) No payment of interest, principal or any other amount shall be made by the Company on any Indebtedness evidenced or collaterally secured by any Junior Bond unless all payments of principal and interest then due and payable on all Senior Debt evidenced or collaterally secured by Senior Bonds have been made, subject to any such payments permitted after the passage of a specified period of time as set forth in any Supplemental Indenture for such Junior Bonds and not otherwise prohibited by the Indenture or any Supplemental Indenture.

(d) Except as otherwise expressly provided in the Indenture, holders of the Junior Bonds shall not be entitled to accelerate or enforce their rights and remedies under the Indenture following the occurrence of an Event of Default or an Acceleration Event of Default pursuant to the provisions of the Indenture unless, and only to the extent that, holders of the Senior Bonds shall have enforced their rights and remedies pursuant to the Indenture or no Senior Bonds are outstanding.

(e) No holder of Junior Bonds will take any steps whatsoever whereby the priority or rights of holders of any Senior Bonds under the Indenture may be defeated or impaired and no holder of Junior Bonds shall assert any right or claim, whether in law or equity, which might impair the validity and effectiveness of the priority of the Senior Bonds in accordance with the terms of the Indenture.

(f) Notwithstanding the provisions of clause (d) above, a Supplemental Indenture with respect to any Series of Junior Bonds may provide that, if specifically provided for in a Pricing Supplement relating to any Series of Junior Bonds, holders of such Series of Junior Bonds shall have the right to exercise certain remedies pursuant to the Indenture following the occurrence of an Event of Default or an Acceleration Event of Default regardless of whether holders of the Senior Bonds have taken any action to enforce their rights and remedies provided that: (i) the Company has failed or refused to make or defaulted in the payment of principal and interest due and owing on such Series of Junior Bonds and such default has continued for a period of time specified in the Supplemental Indenture for such Series, which period shall not be less than 18 months; (ii) the Event of Default or Acceleration Event of Default (other than an Event of Default arising solely as a result of a payment default with respect to principal or interest due and owing on Junior Bonds) shall not have been waived by the holders of the Senior Bonds; and (iii) the issue of any such Series of Junior Bonds containing provisions entitling holders of such Series to exercise certain remedies pursuant to the Indenture as contemplated by this clause (f) shall not give rise to an Adverse Rating Effect.

Subordinated Bonds

Notwithstanding the Additional Indebtedness covenant, the Company may issue Subordinated Bonds without complying with the Additional Indebtedness covenant, regardless of whether an Event of Default has occurred and is continuing, provided that the Company delivers to the Trustee written confirmation from each Rating Agency which has a current rating on any of the then-outstanding Bonds that such issue of Subordinated Bonds will not cause such Rating Agency to withdraw or reduce the then-current rating on any Outstanding Senior or Junior Bonds below the current rating on such Bonds.

The following provisions apply to all Series of Subordinated Bonds so long as any Senior Bonds or Junior Bonds are outstanding:

(a) Holders of Subordinated Bonds shall be entitled to attend the meetings of holders of Subordinated Bonds as a Class, or of any Series of Subordinated Bonds and shall be entitled to vote at any such meeting. Holders of Subordinated Bonds shall be entitled to attend any meeting of the Bondholders of all Classes of Bonds but shall not be entitled to vote thereat unless, and only to the extent that, there is a vote of Bondholders of Subordinated Bonds as a Class held at such meeting.

(b) All Indebtedness of the Company evidenced by or collaterally secured by the Subordinated Bonds is postponed, to the extent necessary to comply with clauses (c) and (d) below, to the indebtedness and liability of the Company evidenced or collaterally secured by the Senior Bonds and the Junior Bonds.

(c) No payments in respect of principal, interest or any other amount shall be made on any Indebtedness evidenced or collaterally secured by any Subordinated Bonds at any time that a Default or Event of Default has occurred and is continuing or if a Default or Event of Default would occur as a consequence of any such payment or if any amounts are in arrears under the Indebtedness secured under the Indenture and the Security or if the Debt Service Reserve Fund has not been fully funded as and when required pursuant to the Indenture or if any such payments are restricted by the terms of any Supplemental Indenture authorizing the issuance of such Subordinated Bonds.

(d) No payment of interest, principal or any other amount shall be made by the Company on any Indebtedness evidenced or secured by any Subordinated Bonds unless all payments of principal and interest then due and payable on all Senior Debt evidenced or collaterally secured by Senior Bonds and Junior Debt evidenced or collaterally secured by Junior Bonds have been made and no interest on any such Senior Debt or Junior Debt evidenced or collaterally secured by Bonds is then being capitalized or deferred.

(e) Holders of Subordinated Bonds shall have no right to instruct the Trustee to waive any Event of Default or to exercise any remedies pursuant to the Indenture.

(f) Holders of Subordinated Bonds shall have no right to institute or commence any proceedings for the appointment of a receiver or receiver and manager or trustee for the Company, 407 ETR or any Subsidiary or for any part of the property of the Company, 407 ETR or any Subsidiary or any other proceeding relating to the Company, 407 ETR or any Subsidiary under any bankruptcy, insolvency, reorganization, arrangement or readjustment of debt, law or statute of any jurisdiction, whether now or hereafter in effect.

(g) Except as otherwise expressly provided in the Indenture, holders of the Subordinated Bonds shall not be entitled to enforce their rights and remedies under the Indenture following the occurrence of an Event of Default or an Acceleration Event of Default pursuant to the provisions of the Indenture unless, and only to the extent that, holders of the Senior Bonds and the Junior Bonds shall have enforced their rights and remedies pursuant to the Indenture.

(h) No holder of Subordinated Bonds will take any steps whatsoever whereby the priority or rights of holders of any Senior Bonds or Junior Bonds under the Indenture may be defeated or impaired and no holder of Subordinated Bonds shall assert any right or claim, whether in law or equity, which might impair the validity and effectiveness of the priority of the Senior Bonds and the Junior Bonds in accordance with the terms of the Indenture.

Also, under the provisions of the Subordinated Bonds which are currently outstanding (other than in respect of Subordinated Bonds, Series 10-D1), the Company has agreed not to issue any additional Senior Bonds unless each rating agency that has a then-current rating for such Subordinated Bonds confirms that the issue of such additional Senior Bonds will not result in the withdrawal or reduction of the then-current rating for such Subordinated Bonds.

Security

As security for the obligations of the Company and 407 ETR under the Indenture (the "Security"), the Trustee has been granted, among other things: a leasehold mortgage on 407 ETR's leasehold interest in and to the Highway 407 Lands, a security interest in all real and personal property of the Company, a security interest in all real and personal property of 407 ETR related to the Project, a security interest in all real and personal property of CanToll, a security interest in all real and personal property of Financing Limited Partnership, a security interest in all real and personal property of 7253770, a security interest in all real and personal property of 8011397 and a security interest in all real and personal property of 8018278. Such security interest includes, among other things: (i) a specific assignment of each of the Company's and 407 ETR's interest in and rights under all Project Agreements and other material agreements, (ii) an assignment of revenues and a security interest in all Funds and Accounts which are required to be maintained pursuant to the Indenture and any Supplemental Indenture, and (iii) a pledge of the shares of 407 ETR owned by the Company.

Any Subsidiary which may exist in the future shall provide a guarantee of the Company's obligations under the Indenture and provide comparable security against its assets.

Additional Covenants

In addition to covenants contained in any Supplemental Indenture, and the Additional Indebtedness covenant and the Rate Covenant (both described above), the following covenants apply to the Company, 407 ETR and all Subsidiaries:

(a) All Bonds shall be secured by a guarantee given by 407 ETR and all Subsidiaries.

(b) The Company shall pay, or cause to be paid, the principal and interest and premium, if any, due in respect of all obligations secured under the Indenture in accordance with their terms on a timely basis.

(c) The Company shall not, nor shall it allow 407 ETR or any other Subsidiary to, declare or pay any dividend or other distribution on its issued shares or purchase, redeem or otherwise retire any of its issued shares, warrants or any other options or rights to acquire its shares or make any payments in respect of Subordinated Debt other than dividends or other distributions to, the purchase, redemption or other form of retirement of such shares, warrants or other options or rights held by, and payments in respect of Subordinated Debt held by, in each case, the Company, 407 ETR or another Subsidiary and Permitted Distributions.

(d) Neither the Company nor 407 ETR will, nor will the Company allow any Subsidiary to, enter into any Swap Agreement, or any other similar agreement except pursuant to a Swap Agreement for the purpose of hedging Indebtedness or Operating and Maintenance Expenses.

(e) The Company and 407 ETR will, and the Company will cause each other Subsidiary to, maintain insurance coverage for Highway 407, the Project, the Project Lands and any Development Project and operations of the Company, 407 ETR and any other Subsidiary, customarily held by similar companies engaged in the same or similar business.

(f) Each of the Company and 407 ETR shall at all times maintain an office in Toronto for the administration of the Bonds pursuant to the terms of the Indenture.

(g) The Company will and will cause 407 ETR and any other Subsidiary to carry on business in a proper, efficient, prudent and businesslike manner and to keep proper books of record and account in accordance with generally accepted accounting principles.

(h) The Company will promptly notify the Trustee of the occurrence of any Default or Event of Default and of any other event, circumstance or matter (other than general economic conditions applicable to the Company or 407 ETR) which may reasonably be expected to have a material adverse effect on the ability of the Company or 407 ETR or any other Subsidiary to perform any material obligation under the Indenture, the Concession Agreement or any other material agreement.

(i) Neither the Company nor 407 ETR will, nor will the Company allow any Subsidiary to, create any Guarantee (other than 407 ETR Guarantee or a Subsidiary Guarantee of the obligations of the Company under the Bonds and the Indenture or a guarantee of the Company with respect to any Subordinated Debt), or make or maintain any investment in, a person that is not a Subsidiary (or will not as a result of such investment become a Subsidiary) unless (a) the aggregate of such guarantees and investments amounts to less than 5% of the Company's accumulated surplus on a consolidated basis for the Company and its Subsidiaries indicated in its most recent audited financial statements; and (b) no Default or Event of Default exists or would exist as a result thereof.

(j) The Company, 407 ETR and any other Subsidiary may deal with its assets in the ordinary course of business, provided that neither the Company nor 407 ETR shall, nor will the Company permit any Subsidiary to, sell, lease, license or otherwise dispose of any material portion of its property or assets unless (a) on a Pro Forma Basis, the Company would have complied with the Indenture and the Supplemental Indentures, including the Rate Covenant; and (b) no Event of Default would occur as a result thereof. Notwithstanding the foregoing, neither the Company nor 407 ETR will, nor permit any Subsidiary to, sell, lease, license or otherwise dispose of any of their respective interests in any portion

of Highway 407, the Highway 407 Lands, 407 ETR's interest in the Concession Agreement or its material rights under the Project Agreements other than as expressly contemplated under the Indenture.

(k) Each of the Company and 407 ETR shall only carry on the business and activities which it is permitted by law to carry on directly or through a Subsidiary. Neither the Company nor 407 ETR shall, and the Company shall not permit any Subsidiary to make any material change in its business. The sole business of the Company and 407 ETR (other than any business carried on by a Subsidiary) shall be the acquisition, operation, design, maintenance, development, repair, rehabilitation and management of Highway 407 (and any expansions and extensions thereto), the Toll System and the Project and the financing thereof and business ancillary thereto. 407 ETR shall not own any real or personal property which is not related to the Project. All of the business of the Company and 407 ETR directly related to the development, design, construction, operation, management, maintenance, rehabilitation and/or tolling of the Project shall be carried on by the Company directly or by 407 ETR directly.

(l) 407 ETR shall comply with the terms of the Concession Agreement and each of the Company and 407 ETR, to the extent that it is a party, shall comply with the terms of all other Project Agreements in all material respects. 407 ETR will not surrender the Concession Agreement, voluntarily terminate, voluntarily forfeit or voluntarily cancel the Concession Agreement or 407 ETR's interest in the Concession Agreement, without the prior written consent of the Trustee (which shall be given only if authorized by an Extraordinary Resolution of the Bondholders).

(m) Neither the Company nor 407 ETR will, without the consent of the Trustee (which shall be given only if authorized by an Extraordinary Resolution of the Bondholders), enter into an agreement with the Province which would:

  (i) result in a reduction in the term of the Concession Agreement or diminish or reduce 407 ETR's interest in the Concession Agreement or result in a reduction of Toll Revenue or impair the ability of 407 ETR to increase rates, tolls, fees or charges or other amounts affecting Toll Revenue;

  (ii) cause an increase in the Rent or other amounts payable by 407 ETR under the Concession Agreement or amounts payable under any other Project Agreement unless the Company or 407 ETR receives an offsetting financial benefit of at least equal value;

  (iii) amend or delete any provision of the Concession Agreement or any other Project Agreement which would have a material adverse effect on the Company's ability to comply with the Rate Covenant; or

  (iv) have a material adverse effect on the rights of the Trustee, as a leasehold mortgagee under the Concession Agreement, or any other Project Agreement to appoint or maintain the appointment of a receiver to receive payment of all Revenues or to change the tolls, rates and charges imposed by 407 ETR on users of Highway 407.

(n) 407 ETR will not make any amendment to the Concession Agreement or any other Project Agreement unless, on a Pro Forma Basis, the Company would have complied with the Indenture and the Supplemental Indentures, including the Rate Covenant.

(o) The Company and 407 ETR will defend the leasehold estate created under the Concession Agreement for the entire remainder of the term set forth therein against all and every Person lawfully claiming or who may claim the same or a part thereof.

(p) Neither the Company nor 407 ETR will enter into any Leasehold Mortgage other than with the Trustee or as otherwise permitted under the Indenture.

(q) The Company and 407 ETR will ensure that any lien or encumbrance complies with the provisions of the Concession Agreement.

(r) 407 ETR will pay all monies payable pursuant to the Concession Agreement as and when they become due and payable and will observe and perform all of the covenants of 407 ETR contained in the Concession Agreement and in all other Project Agreements.

(s) The Company will promptly give written notice to the Trustee of:

(i) the occurrence of any Concessionaire Default or Grantor Default (each as defined in the Concession Agreement) or any allegation by the Province that a Concessionaire Default or any event which, with the giving of notice or lapse of time or both, would be a Concessionaire Default has occurred;

(ii) the occurrence of an event of force majeure (as defined in the Concession Agreement) that could reasonably be expected to give rise to a termination pursuant to the Concession Agreement;

(iii) the receipt by 407 ETR of any notice of non-compliance with any applicable law, the non-compliance with which could reasonably be expected to have a material adverse effect on its business, operations or finances or on the Project or the Security, or notice of any Delay Event (as defined in the Concession Agreement);

(iv) the delivery by 407 ETR to the Province of any notice of any Discriminatory Action or any Delay Event (each as defined in the Concession Agreement);

(v) the addition of any additional lands or deletion of any surplus lands from the grant of concession and ground lease under the Concession Agreement; and

(vi) the receipt by 407 ETR or the Company of any bona fide notice of non-compliance with or default under any provision of any Project Agreement other than the Concession Agreement.

(t) The Company, 407 ETR and each Subsidiary shall comply in all material respects with all Material Agreements and neither the Company nor 407 ETR nor any Subsidiary will amend, terminate, waive or otherwise modify any provision of any Material Agreement (except in limited situations).

(u) The Company shall promptly give written notice to the Trustee of any event of default under or termination of any Material Agreement or Swap Agreement.

(v) The Company and 407 ETR will at all times take such steps as may be necessary to ensure that the Toll System performs satisfactorily in order to ensure that 407 ETR complies with all of the requirements of the Concession Agreement.

(w) Neither the Company nor 407 ETR shall, and the Company shall not permit any Subsidiary to, conduct non-arm's length transactions except at prices and on terms not less favourable to the Company, 407 ETR or any other Subsidiary, than those terms which could have been obtained in an arm's length transaction or with the consent of the Trustee upon approval by Extraordinary Resolution of the holders of the Senior Bonds.

(x) Unless the Company and 407 ETR have amalgamated as permitted pursuant to the Indenture, the Company shall at all times own and control all of the issued and outstanding shares of 407 ETR and any outstanding rights, options or other securities capable of becoming a share of 407 ETR.

(y) The Company and 407 ETR shall, and shall cause each other Subsidiary to, maintain in full force and effect all material industrial and intellectual property used in their respective businesses, including the Project and will ensure that all computer systems, hardware and software used in connection with the operation of the Project are free of any disabling codes or instructions and any virus or other contaminants that may cause material damage or disruption.

Events of Default

In addition to any specific Events of Default created under any Supplemental Indenture which will apply to the related Series, the following shall constitute Events of Default in respect of all obligations secured under the Indenture:

(a) failure to pay principal when due or interest on any obligation secured under the Indenture within three Business Days after notice of such non-payment of interest is given by the Trustee to the Company of becoming due;

(b) failure of the Company, 407 ETR or any Subsidiary to comply in a material respect with any covenant, agreement or condition contained in the Indenture, any Supplemental Indenture, the leasehold mortgage granted to the Trustee or, in the case of a Subsidiary, under a Subsidiary Guarantee and such failure continues for a period of 60 days after written notice from the Trustee or such longer period as may be required to cure such default if not curable within such 60-day period, provided diligent efforts are made to remedy such default;

(c) if the Company or 407 ETR is required pursuant to the Rate Covenant to take measures and fails to take all lawful measures to revise its tolls, rates, rentals, fees and charges for the use of Highway 407 as necessary to increase its Net Revenues and, thereafter, the Net Revenues are less than that required by paragraph (b) of the Rate Covenant in the next succeeding Fiscal Year;

(d) if proceedings are commenced for the dissolution, liquidation or winding-up of the Company, 407 ETR or any other Subsidiary or for the suspension of its respective operations unless such proceedings are being actively and diligently contested by the Company, 407 ETR or any other Subsidiary or such a transaction is permitted under the Indenture;

(e) if proceedings are commenced for the appointment of a receiver or trustee for the Company, 407 ETR or any other Subsidiary and any such receivership or trusteeship remains undischarged for a period of 60 days;

(f) if the Company, 407 ETR or any other Subsidiary becomes bankrupt or is adjudged to be bankrupt;

(g) the making by the Company, 407 ETR or any other Subsidiary of an assignment for the benefit of its creditors, or if the Company, 407 ETR or any other Subsidiary petitions or applies to any court or tribunal for the appointment of a receiver or trustee for itself or for any substantial part of its property, or commences any proceeding relating to itself under any bankruptcy, insolvency, reorganization, arrangement or readjustment of debt law or statute of any jurisdiction whether now or hereafter in effect, or by any act indicates its consent to, approval of or acquiescence in any such proceeding;

(h) if so provided in a Supplemental Indenture authorizing Pledged Bonds, if at any time such Pledged Bonds secure Indebtedness in an aggregate principal amount exceeding the Threshold Amount specified in such Supplemental Indenture and the Company has failed to pay such Indebtedness at maturity (whether by acceleration or otherwise), or within any applicable period of grace, and payment under the Pledged Bonds is demanded;

(i) a default by the Company, 407 ETR or any other Subsidiary under any other Indebtedness provided in a principal amount of more than $50 million and the lender has accelerated or demanded payment of such Indebtedness; provided, however, that no such failure shall constitute an Event of Default if the Company, 407 ETR or such Subsidiary is contesting such failure and has deposited in trust with the Trustee an amount in cash or qualified investments equal to the amount at issue;

(j) the Company fails to deliver the financial statements required under the Indenture and such failure continues for a period of 15 days after written notice by the Trustee;

(k) the Company fails or refuses to make or cause to be made, or defaults in, the deposit of any Revenues of the Company, 407 ETR or any other Subsidiary to the Revenue Account as required under the Indenture;

(l) the Trustee has received notice that the Province has given to 407 ETR notice of the Province's intention to terminate the Concession Agreement or stop the progress of the construction work and/or close any or all portions of Highway 407 as a result of a Concessionaire's Default (as defined in the Concession Agreement) and 407 ETR is not disputing the right of the Province to take such action;

(m) the Concession Agreement has been terminated or 407 ETR's interest in the Concession Agreement has been terminated;

(n) a final judgment or order, or series of judgments or orders, whether or not related (but subject to no further right of appeal), is rendered against the Company, 407 ETR or any other Subsidiary for the

payment of money in the aggregate in excess of $25 million and either (i) enforcement proceedings have commenced and have not been stayed, or (ii) there is any period of 30 consecutive days during which a stay of enforcement of the judgment or order is not in effect; or

(o) if the obligations of the Company or 407 ETR under the Indenture or any Supplemental Indenture or under the leasehold mortgage in favour of the Trustee shall cease to constitute the legal, valid and binding obligations of the Company or 407 ETR or shall cease to be in full force and effect or the Company or 407 ETR shall have contested the validity of the Indenture, any Supplemental Indenture or the leasehold mortgage in favour of the Trustee or denied that it has any liability thereunder or the lien created by the Indenture ceases to create a valid and enforceable security interest in the Collateral.

Remedies

Upon the occurrence of an uncured Event of Default which remains uncured, other than an event of default (an "Acceleration Event of Default") under clause (g), (h) or (m) above, or under clause (e) or (f) above and a court or tribunal of competent jurisdiction adjudges the Company or 407 ETR bankrupt or under any item above designated as an "Acceleration Event of Default" under any Supplemental Indenture, all Bonds outstanding under the Indenture will not be accelerated but, instead, will become due in accordance with their terms and revenues and amounts in any Fund or Reserve Fund, the balance from time to time in the Revenue Account and monies received or collected by the Trustee, the Company or 407 ETR which are subject to the Security shall be applied as follows:

(a) the balances in each Fund and Reserve Fund (other than balances in any Series Reserve Fund) described under clauses (b), (c) and (d) below shall first be applied pro rata to the payment of the Trustee's expenses incurred in the performance of its duties under the Indenture or any Supplemental Indenture;

(b) the balance in each Sinking Fund Reserve shall be applied to the repayment of principal due in respect of the Bonds of the related Series;

(c) the balance in any Series Reserve Account in the Debt Service Reserve Account of each Series shall be applied firstly to the payment of interest and secondly, to the payment of principal on the Bonds (or Indebtedness secured by Bonds) of the related Series;

(d) the balance in the Debt Service Funds shall be applied firstly, to the payment of interest on Senior Debt, secondly, to the payment of principal on Senior Debt, thirdly, to the payment of interest on Junior Debt, and fourthly, to the payment of principal on Junior Debt;

(e) any balance in the Operating and Maintenance Reserve Fund shall be applied to the payment of Operating and Maintenance Expenses or any other expenses required for the safe ongoing operation and maintenance of Highway 407 and to comply with any applicable legislation;

(f) any balance in any Construction Fund or Renewal and Replacement Fund shall be applied to the payment of any required construction, replacement or renewal for which the fund was created; and

(g) monies in the Revenues Account will be applied in the order set forth in the Indenture.

Upon the occurrence of an Acceleration Event of Default, the holders of the Senior Bonds may, by Extraordinary Resolution of the holders of Senior Bonds (or, if applicable, in the case of an Acceleration Event of Default pursuant to clause (h) under "— Events of Default" (a "Threshold Event of Default"), by Extraordinary Resolution of the holders of the Series of Pledged Bonds in respect of which the Threshold Event of Default has arisen), declare the Bonds of all Classes immediately due and payable and instruct the Trustee to take such legal action or proceedings as it deems expedient, including enforcement of the Security and the exercise of any rights of foreclosure or sale under the leasehold mortgage given by 407 ETR to the Trustee; provided, however, that if the Acceleration Event of Default which has occurred is a Threshold Event of Default, then, notwithstanding the foregoing, the exercise of any rights of foreclosure or sale under the leasehold

mortgage given by 407 ETR to the Trustee, the Indenture or otherwise and any right, including, without limitation, the right of foreclosure or sale of the shares or convertible debentures of 407 ETR pledged by the Company, shall be limited to the same extent, if any, as limited in the terms set forth in agreements or instruments governing the Indebtedness collaterally secured by the Series of Pledged Bonds in respect of which such Threshold Event of Default arises.

Upon the occurrence of an Event of Default which remains uncured, the Security shall become immediately enforceable (excluding certain foreclosure or sale rights) and the Trustee may, in its discretion, and shall upon receipt of a Bondholders' Request (or, if applicable, in the case of a Threshold Event of Default, by an Extraordinary Resolution of the holders of the Series of Pledged Bonds in respect of which such Threshold Event of Default has arisen) proceed to protect and enforce its rights and the rights of the Bondholders under the Indenture, all Supplemental Indentures, any Subsidiary Guarantee and the leasehold mortgage given by 407 ETR to the Trustee (but excluding the exercise of any rights of foreclosure or sale under the leasehold mortgage, the Indenture or otherwise and excluding any right of foreclosure or sale of the shares or convertible debentures of 407 ETR pledged by the Company, unless an Acceleration Event of Default has occurred) by such appropriate private or judicial proceedings as the Trustee shall deem most effectual to protect and enforce such rights.

An Event of Default, other than a Threshold Event of Default, may be waived by Extraordinary Resolution of the holders of Senior Bonds. A Threshold Event of Default may be waived by the holders of Senior Bonds by a Threshold Waiver Resolution (as described under "— Meeting of Bondholders") unless such Threshold Event of Default has been continuing for a period of not less than 12 months, or such shorter or longer period as may be specified in the Supplemental Indenture providing for such Threshold Event of Default, in which event the Threshold Event of Default may only be waived by Extraordinary Resolution of the holders of the Series of Pledged Bonds in respect of which such Threshold Event of Default has arisen.

Meeting of Bondholders

The Trustee may hold a meeting of the Bondholders (a "Bondholders Meeting") at any time provided that notice of at least 15 days and not more than 60 days is provided to the Bondholders. The Company, by delivery of a Written Request to the Trustee, and the Bondholders, by delivery of a Bondholders' Request, may also require the Trustee to hold a Bondholders Meeting. Voting at a Bondholders Meeting shall be conducted by polling with each Bondholder entitled to one vote for every $1,000 of Voting Amount in respect of Outstanding Obligation Bonds of which it is the holder and $1,000 of Voting Amount in respect of Indebtedness collaterally secured by Outstanding Pledged Bonds of which it is the holder. Quorum for a Bondholders Meeting consists of two or more Bondholders present representing more than 50% (or 80% in the case of a meeting to consider a Threshold Waiver Resolution and 90% in the case of a meeting to consider a Special Bondholders' Resolution) of the aggregate Voting Amount in respect of Outstanding Bonds of each Class or Series of Bonds for which the meeting has been called. If no quorum is achieved at the meeting of the Bondholders then the meeting shall either be (i) terminated if such meeting was convened by Bondholders' Request, or (ii) adjourned for a period of seven days after which the meeting shall be reconvened without a threshold quorum requirement, except in the case of a Bondholders Meeting to consider an Extraordinary Resolution, a Threshold Waiver Resolution or Special Bondholders' Resolution, in which case the original quorum requirements apply. If, at such further adjourned meeting to consider a Threshold Waiver Resolution or a Special Bondholders' Resolution a quorum is still not present, such meeting may be further adjourned to such date, time and place as the Company may select and of which not less than 10 days' notice shall be given. At such further adjourned meeting to consider a Threshold Waiver Resolution, a quorum shall consist of Bondholders present in person or by proxy and representing not less than 67% of the Voting Amount of the Senior Bonds or the Series of Senior Bonds for which the meeting has been called. At such further adjourned meeting to consider a Special Bondholders' Resolution, a quorum shall consist of Bondholders present in person or by proxy and representing not less than 67% of the Voting Amount of the Series, Class or Classes of Bonds for which the meeting has been called. In the case of a Threshold Waiver Resolution, such resolution shall be effective if the holders of Outstanding Senior Bonds representing not less than 67% of the Voting Amount of the Senior Bonds, or the Series of Senior Bonds for which the meeting has

been called vote in favour of such Threshold Waiver Resolution and the holders of not more than 20% of the Voting Amount of the Senior Bonds, or the Series of Senior Bonds vote against such Threshold Waiver Resolution and, in the case of a Special Bondholders' Resolution, such resolution shall be effective if the holders of Outstanding Senior Bonds representing not less than 67% of the Voting Amount of the Series, Class or Classes of Bonds for which the meeting has been called vote in favour of such Special Bondholders' Resolution and the holders of not more than 5% of the Voting Amount of the Senior Bonds, or the Series of Senior Bonds for which the meeting has been called, vote against such Special Bondholders' Resolution.

The Bondholders, by Extraordinary Resolution, generally may sanction the amendment or modification of the Indenture or any Supplemental Indenture as well as direct the Trustee to waive any Event of Default or exercise or refrain from exercising any power under the Indenture. A Special Bondholders' Resolution is required in order to amend or otherwise vary, among other things, certain defined terms, sections and provisions in the Indenture, any power exercisable by a written direction of a Bondholder, the Security and any other security granted to the Trustee by the Company (other than Security provided or granted for the benefit of one Series or one Class only) or the *pari passu* ranking of each Series of Bonds within a Class. Also, notwithstanding any provision of the Indenture, certain amendments or waivers, including amendments or waivers reducing the principal of, changing the fixed maturity of or altering the redemption provisions for any Bond or reducing the rate of, or changing the time for, payment of interest on any Bond will not be effective as against a Bondholder unless such Bondholder has consented to such amendments or waivers. All actions that may be taken and all powers that may be exercised by the Bondholders by Extraordinary Resolution, Threshold Waiver Resolution, or Special Bondholders' Resolution may also be taken and exercised by an instrument in writing which is signed by the requisite number of Bondholders so as to comply with the requirements under the Indenture for Extraordinary Resolutions, Threshold Waiver Resolution, and Special Bondholders' Resolutions.

Indenture Terms Glossary

For the purposes of the Indenture, the following terms have the following meanings:

"Annual Debt Service" for any Fiscal Year means the amount scheduled to become due and payable on the Indebtedness during such Fiscal Year as (a) interest or fees, plus (b) principal, plus (c) mandatory sinking fund payments or redemptions. For the purpose of calculating Annual Debt Service, the following assumptions shall be used:

(a) all principal payments and mandatory sinking fund redemptions or payments shall be made as and when the same shall become due except that all Indebtedness which, by its terms, is payable in full in a single instalment on maturity and does not provide for either principal amortization or sinking fund payments prior to its maturity date will be amortized on a level debt service basis over a period of 30 years commencing when the interest on such Indebtedness is expensed in accordance with generally accepted accounting principles and using the interest rate in effect from time to time on such Indebtedness (using the assumptions set out in paragraphs (ii) and (iii) below where appropriate); provided, however, that there will be no amortization of Indebtedness under Swap Agreements secured by Pledged Bonds and there shall be no amortization of Indebtedness under any revolving operating lines of credit secured by Pledged Bonds to the extent that such Indebtedness does not exceed $500 million;

(b) outstanding variable rate Indebtedness shall be deemed to bear interest during any period after the date of calculation at a fixed annual rate equal to the average of actual annual rates on such Indebtedness for each day during the immediately preceding one-year period or at the effective annual rate thereon as a result of any related Swap Agreement;

(c) variable rate Indebtedness proposed to be issued shall be deemed to bear interest at a fixed annual rate equal to the estimated initial rate or rates thereon as set forth in a certificate of two investment dealers selected by the Company dated within 30 days prior to the delivery of such obligations or at the effective rate fixed thereon as a result of any related Swap Agreement;

(d) capitalized interest on any Indebtedness (but only to the extent that such interest, if not capitalized, would be scheduled to be due and payable during the relevant Fiscal Year) and accrued interest paid on the date of initial delivery thereof shall be excluded from the calculation of Annual Debt Service, provided that interest may only be capitalized for such period of time as may be permitted under generally accepted accounting principles; and

(e) any payments due in non-Canadian currency will be converted into Canadian currency based upon currency swaps or hedges to the extent applicable thereto and otherwise based upon the Equivalent Amount.

"Annual Junior Debt Service" means the amount of Annual Debt Service calculated as if only Junior Debt and any other Indebtedness ranking *pari passu* with or in priority to the Junior Debt was outstanding and no Subordinated Debt was outstanding.

"Annual Senior Debt Service" means the amount of Annual Debt Service calculated as if only Senior Debt and any other Indebtedness ranking *pari passu* with the Senior Debt was outstanding, and no Junior Debt or Subordinated Debt was outstanding.

"Bondholders' Request" means an instrument requesting the Trustee to take or refrain from taking some action or proceeding specified therein, signed in one or more counterparts by the holder or holders of Senior Bonds representing not less than 10% of the Voting Amount of all Senior Bonds then Outstanding, or for the purposes of a Bondholders' Request given in connection with the occurrence of an Event of Default, by the holder or holders of Senior Bonds representing not less than 50% of the Voting Amount of the Senior Bonds then Outstanding plus $1.00, or such lesser percentage as may be provided in any Supplemental Indenture related to a Series of Senior Bonds; provided that if no Senior Bonds are outstanding, the term "Bondholders' Request" shall mean an instrument requesting the Trustee to take or refrain from taking some action or proceeding specified therein, signed in one or more counterparts by the holder or holders of Junior Bonds representing not less than 25% of the Voting Amount of all Junior Bonds then outstanding, or for the purposes of a Bondholders' Request given in connection with the occurrence of an Event of Default, by the holder or holders of Junior Bonds representing not less than 50% of the Voting Amount of the Junior Bonds then Outstanding plus $1.00, or such lesser percentage as may be provided in any Supplemental Indenture related to a Series of Junior Bonds, and if no Senior Bonds or Junior Bonds are outstanding, the term "Bondholders' Request" shall mean an instrument requesting the Trustee to take or refrain from taking some action or proceeding specified therein, signed in one or more counterparts by the holder or holders of Subordinated Bonds representing not less than 25% of the Voting Amount of all Subordinated Bonds then Outstanding, or for the purposes of a Bondholders' Request given in connection with the occurrence of an Event of Default, by the holder or holders of Subordinated Bonds representing not less than 50% of the Voting Amount of the Subordinated Bonds then Outstanding plus $1.00, or such lesser percentage as may be provided in any Supplemental Indenture related to a Series of Subordinated Bonds.

"Consultant" means the Highway Consultant which, in providing any reports, opinions or certificates required to be provided by the Consultant, may rely on the Consulting Engineer and any independent nationally recognized accounting firms or consulting firms with other special areas of expertise and on Operating and Maintenance Expense Projections prepared by the Company or 407 ETR.

"Extraordinary Resolution" means a resolution in writing or certified by the Trustee as duly passed at a meeting (including an adjourned meeting) of the Bondholders, or Class or Series of Bondholders, as the case may be, affected by the subject matter of the resolution, duly convened for the purposes and passed by the holder or holders of Outstanding Bonds of the Series or the Class or Classes affected by the subject matter of the resolution and entitled to vote thereon representing not less than 50% of the Voting Amount of the Bonds of such Series, Class or Classes then outstanding, and, if so provided in any Supplemental Indenture related to a Series, passed by the holder or holders of Bonds of that Series then Outstanding satisfying the requirements of the relevant Supplemental Indenture, which resolution is in full force and effect on the date of such certification. Unless the

resolution relates solely to the terms of payment of a Series or a Class or Classes or the Security or Funds available solely for such Series or such Class or such Classes, the subject matter of the resolution shall be presumed to affect the holders of all Outstanding Bonds.

"Highway Consultant" means an independent firm or firms at arm's length with the Company, with knowledge, experience and having North American recognition in the field of advising the management of toll roads as to the planning, development, financing, operation and management of toll roads, selected and employed by the Company or 407 ETR from time to time.

"Junior Bonds" means any Series of Bonds of the Class of Bonds evidencing or securing Junior Debt.

"Junior Debt" means Indebtedness which, by its terms or provisions relating thereto, is subordinated to the Senior Debt but which ranks in priority to the Subordinated Debt and which is evidenced by any Series of Junior Bonds.

"Net Revenues" means, for any Fiscal Year, the Revenues of the Company, 407 ETR and any other Subsidiaries less Operating and Maintenance Expenses, all determined in accordance with generally accepted accounting principles on a consolidated basis for the Company, 407 ETR and such other Subsidiaries.

"Operating and Maintenance Expenses" means, for any Fiscal Year, the costs incurred by the Company, 407 ETR and any other Subsidiaries in operating and maintaining Highway 407 during such Fiscal Year in accordance with generally accepted accounting principles; provided, however, that Operating and Maintenance Expenses shall not include: (a) Annual Debt Service; (b) any allowance for amortization, depreciation or obsolescence of the assets owned or used in connection with the Project; (c) any extraordinary items arising from the early extinguishment of Indebtedness; (d) any costs or charges for capital additions, acquisitions, replacements, betterments, extensions or improvements which, under generally accepted accounting principles, are properly charged to the capital account or the reserve for amortization or depreciation; (e) any losses from the sale, abandonment, reclassification, revaluation or other disposition of any assets in accordance with this Indenture; and (f) amounts payable out of the Construction Fund in respect of Construction Work or Other Construction Work. Operating and Maintenance Expenses for any Fiscal Year shall include (i) amounts due and payable under the Concession Agreement and other Project Agreements in respect of such Fiscal Year other than as set out above; (ii) amounts paid as taxes in respect of such Fiscal Year (excluding, for certainty, any deferred taxes not yet payable); and (iii) the amount of contributions made and other amounts paid by the Company, 407 ETR or the Subsidiaries to or in respect of pension plans maintained for its employees and former employees and premiums and other amounts paid by the Company, 407 ETR or any other Subsidiaries in respect of any insurance plans maintained for their employees or former employees.

"Revenues" means, for any Fiscal Year, all revenues, payments (including Swap Receipts), fees, charges, rents, grants and all other income of any nature, including interest and other investment income earned on monies held under the Indenture and on other funds of the Company, 407 ETR or any other Subsidiary (other than the Construction Fund and the General Fund), toll revenues, any licence fees paid to the Company, 407 ETR or any other Subsidiary, any advisory, management or consulting fees or charges and any proceeds of business interruption insurance and any other insurance proceeds which are deemed to be revenues from Highway 407 in accordance with generally accepted accounting principles, all of which shall be determined on a consolidated basis for the Company, 407 ETR and the other Subsidiaries but excluding (i) other non-toll revenues charged by or on behalf of 407 ETR in connection with the Project, (ii) proceeds of expropriations, and (iii) proceeds of sales of any portion of the Project Lands.

"Senior Bonds" means any Series of Bonds of the Class of Bonds evidencing or securing Senior Debt.

"Senior Debt" means Indebtedness which, by its terms or provisions relating thereto, ranks in priority to the Junior Debt and the Subordinated Debt and which is evidenced or secured by any Series of Senior Bonds.

“Special Bondholders’ Resolution” means a resolution in writing or certified by the Trustee as duly passed at a meeting (including an adjourned meeting) of the Bondholders or Class or Series of Bondholders, as the case may be, affected by the subject matter of the resolution, duly convened and passed by the holder or holders of Outstanding Bonds of the Series or the Class or Classes affected by the subject matter of the resolution representing not less than 90% of the Voting Amount of the Bonds of such Series, Class or Classes then Outstanding, and, if so provided in any Supplemental Indenture related to a Series, passed by the holder or holders of such other percentage of the Voting Amount of the Bonds of that Series then Outstanding satisfying the requirements of the relevant Supplemental Indenture, which resolution is in full force and effect on the date of such certification. Unless the resolution relates solely to the terms of payment of a Series or a Class or Classes or the Security or Funds available solely for such Series or such Class or such Classes, the subject matter of the resolution shall be presumed to affect the holders of all Outstanding Bonds.

“Subordinated Bonds” means any Series of Bonds of the Class of Bonds evidencing or securing Subordinated Debt.

“Subordinated Debt” means Indebtedness for borrowed money owing by the Company, 407 ETR or any other Subsidiary which, by the terms thereof, is fully subordinated to the outstanding Senior and Junior Bonds, whether, secured or unsecured, and which, by its terms, does not require payments to be made in respect thereof at any time when monies are due and owing under Senior Bonds or Junior Bonds or under Indebtedness collaterally secured by Senior Bonds or Junior Bonds.

DESCRIPTION OF THE NOTES

The following description of the Notes is a summary of certain of their material attributes and characteristics, and does not purport to be complete. The terms and conditions set forth in this “Description of the Notes” section will apply to each Note unless otherwise specified in the applicable Pricing Supplement. For further particulars, reference should be made to the Indenture and the Supplemental Indenture relating to the particular Series or issue of Notes, copies of which will be available electronically through the Canadian Securities Administrators’ System for Electronic Document Analysis and Retrieval (SEDAR) website at www.sedar.com.

General

The Notes will be Senior Bonds for purposes of the Indenture and will be issued as part of the Capital Markets Platform described under “Capital Markets Platform”. Each series of Notes will be issued pursuant to the Supplemental Indenture dated as of March 18, 2015 between the Company, 407 ETR and the Trustee. The aggregate amount of the Notes which may be offered hereunder is up to $1,500,000,000 (or the equivalent thereof in other currencies based on the applicable exchange rate at the time of the offering). Such aggregate amount shall be calculated, in the case of interest bearing Notes, on the basis of the principal amount of the Notes issued by the Company, and in the case of non-interest bearing Notes, on the basis of the gross proceeds received by the Company. The Notes may be issued on such terms and at such times as may be determined by the Company.

The Notes will be direct obligations of the Company secured in the manner provided for under the Indenture. As Indebtedness under the Capital Markets Platform, the Notes will generally rank equally with all present and future senior indebtedness of the Company issued pursuant to the Capital Markets Platform subject to any sinking fund or Series Reserve Account established for any particular Series of Bonds.

The Notes will be offered on a continuous basis as and when funds are required by the Company, will have maturities of not less than one year from the date of issue and will either be interest bearing or non-interest bearing. The Notes will be issued at par, at a discount or at a premium and will be issued in Canadian dollars, or any other currency as determined by the Company at the time of issue.

The Notes may be offered in an amount and on such terms as may be determined from time to time depending on market conditions and other factors. The specific variable terms of any offering of Notes (including, where applicable and without limitation, the specific designation, the aggregate principal amount being offered, the currency, the issue and delivery dates, the maturity date, the issue price (or the manner of determination thereof if offered on a non-fixed price basis), the interest rate (either fixed or floating, and, if floating, the manner of calculation thereof), the interest payment date(s), the provisions for subordination of such Notes to other indebtedness of the Company, the redemption, exchange or conversion provisions (if any), sinking or purchase fund provisions (if any), the repayment terms, the name and compensation of the agents, underwriters or dealers acting as principals, the method of distribution, the form (either global or definitive) and the actual net proceeds to the Company) will be set forth in a Pricing Supplement that will accompany this Prospectus. The Company also reserves the right to include in a Pricing Supplement specific variable terms pertaining to the Notes which are not within the options and parameters set forth in this Prospectus.

The Company has filed with the securities regulatory authorities in each of the provinces of Canada an undertaking that, subject to certain exceptions, it will pre-clear with such regulators the disclosure to be contained in any Pricing Supplements pertaining to "Linked Notes", as defined therein. A copy of this undertaking is available from the Chief Financial Officer of the Company at the address indicated on the cover of this Prospectus and is also available electronically on SEDAR.

Global Notes

Unless otherwise specified in the applicable Pricing Supplement, Notes denominated in Canadian or United States dollars may be issued in the form of fully registered global bonds ("Global Notes") held by, or on behalf of, CDS Clearing and Depository Services Inc. or another corporation performing similar services that is acceptable to the Trustee (the "Depository") as custodian of the Global Notes and, in such event, Notes will be registered in the name of the Depository or its nominee (a "Nominee"). Purchasers of Notes represented by Global Notes will not receive Notes in definitive form ("Definitive Notes"). Instead, ownership of such Notes will be constituted through beneficial interests in the Global Notes, and will be represented through book-entry accounts of institutions (including the Dealers), as direct and indirect participants of the Depository ("Participants"), acting on behalf of the beneficial owners of such Notes. Each purchaser of a Note represented by a Global Note will typically receive a customer confirmation of purchase from the Dealer from whom the Note is purchased in accordance with the practices and procedures of the selling Dealer. The Depository will be responsible for establishing and maintaining book-entry accounts for its Participants having interests in Global Notes.

If Global Notes are issued and the Depository notifies the Company that it is unwilling or unable to continue as depository in connection with the Global Notes, or if at any time the Depository ceases to be a clearing agency or otherwise ceases to be depository and the Company and the Trustee are unable to locate a qualified replacement, or if the Company elects to terminate the book-entry system, beneficial owners of Notes represented by Global Notes will receive Definitive Notes.

Fixed and Floating Rate Notes

The Notes may be interest bearing or non-interest bearing. Each interest bearing Note will bear interest at either: (i) a fixed rate (a "Fixed Rate Note"); or (ii) a floating rate (a "Floating Rate Note"), all as specified in the applicable Pricing Supplement.

Unless otherwise specified in the applicable Pricing Supplement, interest bearing Notes will bear interest from (and including) their issue date to (but excluding) the first interest payment date after the issuance thereof, and thereafter from (and including) the last payment date on which interest has been paid to (but excluding) the next following interest payment date. Interest on Fixed Rate Notes will be payable monthly, quarterly, semi-annually or annually in arrears or as otherwise specified in the applicable Pricing Supplement, on the interest

payment dates specified in the Fixed Rate Notes and Pricing Supplement. Interest on Floating Rate Notes will be payable on the interest payment dates specified in the Notes and the applicable Pricing Supplement.

Funds

The Series Reserve Account, if any, in the Debt Service Reserve Fund for each separate Series or issue of Notes will be the amount specified in the Pricing Supplement for such Notes, which amount may be funded from the net proceeds from the sale of such Notes and deposited into the separate account of the Debt Service Reserve Fund maintained for that particular Series or issue of Notes.

RISK FACTORS

An investment in the Notes involves risks. Prospective investors in the Notes should consider carefully all of the information in this Prospectus and the documents incorporated by reference herein, including the relevant Pricing Supplement, and, in particular, should evaluate the risk factors described in the section entitled "Risk Factors" in the annual information form that is incorporated by reference in this Prospectus.

PLAN OF DISTRIBUTION

Pursuant to a dealer agreement dated March 18, 2015 (the "Dealer Agreement") between the Company and the Dealers, the Dealers are authorized, as agents of the Company, for such purpose only, to solicit offers from time to time to purchase Notes in each of the provinces of Canada, directly and through other investment dealers approved by the Company. The rate of compensation payable in connection with sales by the Dealers of Notes will be as determined by agreement between the Company and the Dealers, and will be set out in the Dealer Agreement.

The Dealer Agreement also provides that Notes may be purchased from time to time by any of the Dealers as an underwriter or dealer purchasing as principal, at such prices and at such rates of compensation as may be agreed upon between the Company and such Dealers, for resale to the public at prices to be negotiated with each purchaser. Such resale prices may vary during the distribution period and as between purchasers. Each Dealer's compensation will be increased or decreased by the amount by which the aggregate price paid for the Notes by the purchasers exceeds or is less than the gross proceeds paid by the Dealers, acting as principals, to the Company. The Notes may also be offered directly to the public by the Company pursuant to applicable statutory exemptions at prices and upon terms negotiated between the purchaser and the Company, in which case no commission will be paid to the Dealers.

The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the "U.S. Securities Act") and may not be offered or sold within the United States except pursuant to the exemption from the U.S. Securities Act under Rule 144A under the U.S. Securities Act ("Rule 144A"). Each Dealer has agreed that it will not buy or offer to buy, sell or offer to sell or solicit any offer to buy any Notes as part of any distribution hereunder in the United States except pursuant to the exemption from the registration requirements of the U.S. Securities Act provided by Rule 144A. Moreover, the Dealer Agreement provides that the Dealers will offer and sell Notes outside the United States only in accordance with Regulation S under the U.S. Securities Act ("Regulation S"). In addition, until 40 days after the commencement of the offering of a series or issue of Notes, an offer or sale of Notes of that series or issue within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the U.S. Securities Act if such offer or sale is made other than in accordance with Rule 144A. Terms used in this paragraph have the meanings given to them by Regulation S.

The Dealers may purchase and sell Notes from time to time in the secondary market but are not obligated to do so. There can be no assurance that there will be a secondary market for the Notes. Unless otherwise specified in the applicable Pricing Supplement, the Notes will not be listed on any securities exchange.

In connection with any offering of Notes under this Prospectus, the Dealers may over-allot or effect transactions that stabilize or maintain the market price of the Notes offered at a level above that which might otherwise prevail in the open market. See "Risk Factors". Such transactions, if commenced, may be discontinued at any time.

The Company has agreed to indemnify the Dealers and their directors, officers, employees and agents against liabilities arising out of, among other things, any misrepresentation in this Prospectus (including the documents incorporated by reference herein), other than liabilities arising out of any misrepresentations made by the Dealers.

The Company and, if applicable, the Dealers reserve the right to reject any offer to purchase Notes in whole or in part. The Company also reserves the right to withdraw, cancel or modify the offering of Notes under this Prospectus without notice.

CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS

In the opinion of Torys LLP, counsel to the Company, and Davies Ward Phillips & Vineberg LLP, counsel to the Dealers, the following is a general summary of the principal Canadian federal income tax considerations generally applicable to a holder of Notes (a "Holder") who acquires Notes pursuant to this offering and who, at all relevant times, for purposes of the *Income Tax Act* (Canada) (the "Tax Act"), is or is deemed to be resident in Canada, holds the Notes as capital property and deals at arm's length and is not affiliated with the Company. Generally, a Note will be considered to be capital property to a Holder provided that the Holder does not hold the Note in the course of carrying on a business and has not acquired it as part of an adventure or concern in the nature of trade. Certain Holders who might not otherwise be considered to hold their Note as capital property may, in certain circumstances, be entitled to treat the Note and all other "Canadian securities" as defined in the Tax Act held by them as capital property by making the irrevocable election permitted by subsection 39(4) of the Tax Act. This summary is not applicable to a Holder an interest in which would be a "tax shelter investment" as defined in the Tax Act, a Holder that is a "financial institution" as defined in the Tax Act for purposes of certain rules applicable to income, gain or loss from "mark-to-market property" and "specified debt obligations" as defined in the Tax Act, a Holder that is a "specified financial institution" as defined in the Tax Act, a Holder that has elected to report its "Canadian tax results" as defined in the Tax Act in a currency other than Canadian currency or a Holder who has or will enter into a "derivative forward agreement" as defined in the Tax Act in respect of the Notes. Such Holders should consult their own tax advisors.

This summary is based on the current provisions of the Tax Act and the regulations thereunder (the "Regulations"), all specific proposals to amend the Tax Act and the Regulations publicly announced by or on behalf of the Minister of Finance (Canada) prior to the date hereof (the "Tax Proposals") and counsel's understanding of the current published administrative and assessing policies and practices of the Canada Revenue Agency. This summary assumes that the Tax Proposals will be enacted as currently proposed but no assurance can be given in this regard. This summary does not otherwise take into account or anticipate any changes in law or practice, whether by judicial, governmental or legislative decision or action, nor does it take into account provincial, territorial or foreign tax legislation or considerations which may differ significantly from those discussed herein.

This summary is of a general nature only and is not intended to be, nor should it be construed to be, legal or tax advice to any particular Holder, and no representations with respect to the income tax consequences to any particular Holder are made. Accordingly, prospective purchasers should consult their own tax advisors for advice with respect to the tax consequences to them of acquiring, holding and disposing of Notes, including the application and effect of the income and other tax laws of any province, territory, state or local tax authority or foreign jurisdiction.

Where appropriate, the applicable Pricing Supplement will describe any additional Canadian federal income tax considerations relating to the particular Notes offered thereunder.

Interest on Notes

A Holder that is a corporation, partnership, unit trust or trust of which a corporation or partnership is a beneficiary will be required to include in computing its income for a taxation year all interest on a Note that accrues or is deemed to accrue to the Holder to the end of that taxation year or becomes receivable or is received by the Holder before the end of that taxation year, except to the extent that such interest was included in computing its income for a preceding taxation year.

Any other Holder, including an individual, will be required to include in computing its income for a taxation year any interest on a Note received or receivable by such Holder in that year (depending upon the method regularly followed by the Holder in computing its income), and, in circumstances where interest is not received or receivable, any interest on a Note accrued to or deemed to accrue to the end of any "anniversary day" as defined in the Tax Act in the year, in each case to the extent that such amount was not otherwise included in the Holder's income for that or any preceding taxation year.

Where a Holder is required to include in income interest on a Note that accrued before such Note was acquired by the Holder, the Holder will be entitled to a deduction in computing income of an equivalent amount. The adjusted cost base to the Holder of the Note will be reduced by the amount which is so deductible.

If a Note is purchased by a Holder at a discount from its face value, the Holder may be required to include an additional amount in computing its income, either in taxation years in which such amount accrues or in a taxation year in which the discount is received or receivable by the Holder. Holders should consult their own tax advisors in these circumstances as the treatment of the discount may vary with the facts and circumstances giving rise to the discount.

A Holder that is a "Canadian-controlled private corporation" as defined in the Tax Act may be liable for a refundable tax of 6⅔% on investment income, including interest.

Disposition of Notes

On a disposition or deemed disposition of a Note, a Holder will generally be required to include in income any premium deemed to be interest and the amount of interest accrued, or deemed to have accrued, on the Note from the date of the last interest payment to the date of disposition to the extent that such amount has not otherwise been included in the Holder's income for the taxation year or a previous taxation year.

In general, a disposition or deemed disposition of a Note will give rise to a capital gain (or capital loss) to the extent that the proceeds of disposition, net of any accrued interest or any amount deemed to be interest and any reasonable costs of disposition, exceed (or are less than) the adjusted cost base of the Note to the Holder immediately before the disposition.

One-half of the amount of any capital gain (a "taxable capital gain") realized by a Holder in a taxation year generally must be included in the Holder's income in that year, and one-half of the amount of any capital loss (an "allowable capital loss") realized by a Holder in a taxation year must be deducted from taxable capital gains realized by the Holder in that year. Allowable capital losses in excess of taxable capital gains realized in a particular taxation year may be carried back and deducted in any of the three preceding taxation years or carried forward and deducted in any subsequent taxation year against net taxable capital gains realized in such years, to the extent and under the circumstances described in the Tax Act. A capital gain realized by an individual (other than certain specified trusts) may give rise to a liability for alternative minimum tax.

A Holder that is a "Canadian-controlled private corporation" may be liable for a refundable tax of 6⅔% on investment income, including taxable capital gains.

Deferred Income Plans

Based on a certificate from the Company that the Company has issued and outstanding bonds having, in the aggregate, a principal amount of at least $10 million that are held by at least 300 different persons and were issued in compliance with certain prescribed conditions, if issued on the date hereof, the Notes would be "qualified investments" under the Tax Act and the Regulations for trusts governed by a registered retirement savings plan ("RRSP"), registered retirement income fund ("RRIF"), registered education savings plan, registered disability savings plan, deferred profit sharing plan (other than a trust governed by a deferred profit sharing plan for which any employer is the Company or is a corporation which does not deal at arm's length with the Company within the meaning of the Tax Act) and a tax-free savings account ("TFSA"). Notwithstanding that the Notes may be "qualified investments" for a trust governed by a RRSP, RRIF or TFSA, the annuitant of a RRSP or RRIF or the holder of a TFSA, as the case may be, will be subject to a penalty tax if the Notes are a "prohibited investment" for the RRSP, RRIF or TFSA, as the case may be. Notes will generally be a "prohibited investment" if the annuitant of a RRSP or RRIF or the holder of a TFSA, as the case may be, does not deal at arm's length with the Company for purposes of the Tax Act or has a "significant interest" in the Company for purposes of the prohibited investment rules in the Tax Act in respect of RRSPs, RRIFs and TFSAs. Holders should consult their own tax advisors in this regard. The Notes would not be a "prohibited investment" for a registered pension plan under the Tax Act and the Regulations provided the Company is not, for the purposes of the Tax Act and the Regulations, (a) an employer who participates in the plan (an "Employer"); (b) a person connected with such an Employer (a "Connected Person"); (c) a person that controls, directly or indirectly, in any manner whatever, a person or partnership that is an Employer or Connected Person; or (d) a person that does not deal at arm's length with a member of the plan or with any person or partnership described in (a), (b) or (c) above. The Regulations permit registered pension plans in respect of which the Company is such a person to purchase the Notes provided that certain criteria are met. Where the Company is such a person in respect of a registered pension plan, the plan administrator should consult its tax advisors to ascertain if the Notes are a "prohibited investment" for the plan.

MATERIAL CONTRACTS

Contracts which have been or will be entered into on or prior to the Closing Date (as defined in the Dealer Agreement) and which may reasonably be considered as material to investors purchasing the Notes (collectively, the "Material Contracts") are as follows:

- the Dealer Agreement;
- the Indenture; and
- the Supplemental Indenture authorizing the Notes.

LEGAL MATTERS

Unless otherwise indicated in the applicable Pricing Supplement, certain legal matters in connection with the issuance of the Notes will be passed upon on behalf of the Company by Torys LLP and on behalf of the Dealers by Davies Ward Phillips & Vineberg LLP.

INTEREST OF EXPERTS

As at the date hereof, the partners and associates of Torys LLP, as a group, and the partners and associates of Davies Ward Phillips & Vineberg LLP, as a group, each beneficially own, directly or indirectly, less than 1% of any class of the outstanding securities of the Company.

AUDITOR

The auditor of the Company is Deloitte LLP, Chartered Professional Accountants, Chartered Accountants, Licensed Public Accountants, 181 Bay Street, Suite 1400, Toronto, Ontario, M5J 2V1.

AGENTS FOR SERVICE OF PROCESS

Enrique Díaz-Rato Revuelta, Francisco Clemente Sanchez, Nicolás Rubio de Cardenas and Andrew Alley, directors of the Company, reside outside of Canada and have each appointed the Company as his agent for service of process, at its principal office in Woodbridge, Ontario.

Purchasers are advised that it may not be possible for investors to enforce judgments obtained in Canada against any person or company that is incorporated, continued or otherwise organized under the laws of a foreign jurisdiction or resides outside of Canada, even if the party has appointed an agent for service of process.

STATUTORY RIGHTS OF WITHDRAWAL AND RESCISSION

Securities legislation in certain of the provinces of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may only be exercised within two business days after receipt or deemed receipt of a prospectus and any amendment, irrespective of the determination at a later date of the purchase price of the securities distributed. In several of the provinces of Canada, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, revisions of the price or damages if the prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission, revisions of the price or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser’s province. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser’s province for the particulars of these rights or consult with a legal adviser.

CERTIFICATE OF THE COMPANY AND THE CREDIT SUPPORTERS

Dated: March 18, 2015

This short form prospectus, together with the documents incorporated in this prospectus by reference, will, as of the date of the last supplement to this prospectus relating to the securities offered by this prospectus and the supplement(s), constitute full, true and plain disclosure of all material facts relating to the securities offered by this prospectus and the supplement(s) as required by the securities legislation of each of the provinces of Canada.

407 INTERNATIONAL INC.

(Signed) JOSÉ ÁNGEL TAMARIZ-MARTEL GONCER
President and Chief Executive Officer

(Signed) LOUIS-M. ST-MAURICE
Chief Financial Officer and Corporate Secretary

On Behalf of the Board of Directors

(Signed) MICHAEL BERNASIEWICZ
Director

(Signed) KEN A. WALKER
Director

The Credit Supporters

407 ETR CONCESSION COMPANY LIMITED
CANADIAN TOLLING COMPANY INTERNATIONAL INC.
7253770 CANADA INC.
8011397 CANADA INC., in its own capacity and as
general partner for and on behalf of FINANCING LIMITED PARTNERSHIP
8018278 CANADA INC.
8915172 CANADA INC.

(Signed) JOSÉ ÁNGEL TAMARIZ-MARTEL GONCER
President and Chief Executive Officer

(Signed) LOUIS-M. ST-MAURICE
Chief Financial Officer and Corporate Secretary

On Behalf of the Boards of Directors

(Signed) JOSÉ ÁNGEL TAMARIZ-MARTEL GONCER
Director

(Signed) LOUIS-M. ST-MAURICE
Director

CERTIFICATE OF THE DEALERS

Dated: March 18, 2015

To the best of our knowledge, information and belief, this short form prospectus, together with the documents incorporated in this prospectus by reference will, as of the date of the last supplement to this prospectus relating to the securities offered by this prospectus and the supplement(s), constitute full, true and plain disclosure of all material facts relating to the securities offered by this prospectus and the supplement(s) as required by the securities legislation of each of the provinces of Canada.

BMO NESBITT BURNS INC.

By: (Signed) KATRYNE MANN

RBC DOMINION SECURITIES INC.

By: (Signed) ROBERT M. BROWN

TD SECURITIES INC.

By: (Signed) PATRICK SCACE

SCOTIA CAPITAL INC.

By: (Signed) GREG LAWRENCE

NATIONAL BANK FINANCIAL INC.

By: (Signed) JOHN CARRIQUE

CASGRAIN & COMPANY LIMITED

By: (Signed) STEPHEN MCHARG

CIBC WORLD MARKETS INC.

By: (Signed) DOUG BARTLETT

MERRILL LYNCH CANADA INC.

By: (Signed) JAMIE HANCOCK