

P3 Ingenuity Made Congestion Managing Pricing a Success



James Martling, April 9, 2008

Toll Schedule Effective January 1, 2008

New Toll Schedule Effective January 1, 2008 Eastbound 3 to 4 PM toll is \$10, or \$1 Per Mile



Eastbound

SR-55 to Riverside County Line

	Sun	M	Tu	W	Th	F	Sat
<i>Midnight</i>	\$1.20	\$1.20	\$1.20	\$1.20	\$1.20	\$1.20	\$1.20
<i>1:00 AM</i>	\$1.20	\$1.20	\$1.20	\$1.20	\$1.20	\$1.20	\$1.20
<i>2:00 AM</i>	\$1.20	\$1.20	\$1.20	\$1.20	\$1.20	\$1.20	\$1.20
<i>3:00 AM</i>	\$1.20	\$1.20	\$1.20	\$1.20	\$1.20	\$1.20	\$1.20
<i>4:00 AM</i>	\$1.20	\$1.20	\$1.20	\$1.20	\$1.20	\$1.20	\$1.20
<i>5:00 AM</i>	\$1.20	\$1.20	\$1.20	\$1.20	\$1.20	\$1.20	\$1.20
<i>6:00 AM</i>	\$1.20	\$1.90	\$1.90	\$1.90	\$1.90	\$1.90	\$1.20
<i>7:00 AM</i>	\$1.20	\$1.90	\$1.90	\$1.90	\$1.90	\$1.90	\$1.20
<i>8:00 AM</i>	\$1.55	\$1.90	\$1.90	\$1.90	\$1.90	\$1.90	\$1.90
<i>9:00 AM</i>	\$1.55	\$1.90	\$1.90	\$1.90	\$1.90	\$1.90	\$1.90
<i>10:00 AM</i>	\$2.35	\$1.90	\$1.90	\$1.90	\$1.90	\$1.90	\$2.35
<i>11:00 AM</i>	\$2.35	\$1.90	\$1.90	\$1.90	\$1.90	\$1.90	\$2.35
<i>Noon</i>	\$2.80	\$1.90	\$1.90	\$1.90	\$1.90	\$2.90	\$2.80
<i>1:00 PM</i>	\$2.80	\$2.65	\$2.65	\$2.65	\$2.90	\$4.50	\$2.80
<i>2:00 PM</i>	\$2.80	\$3.80	\$3.80	\$3.80	\$3.90	\$5.10	\$2.80
<i>3:00 PM</i>	\$2.35	\$4.10	\$4.70	\$5.95	\$5.70	\$10.00	\$2.80
<i>4:00 PM</i>	\$2.35	\$6.85	\$8.00	\$8.50	\$9.25	\$9.50	\$2.80
<i>5:00 PM</i>	\$2.35	\$6.65	\$8.50	\$8.50	\$9.25	\$8.00	\$2.80
<i>6:00 PM</i>	\$2.35	\$4.10	\$5.45	\$4.95	\$5.75	\$4.90	\$2.35
<i>7:00 PM</i>	\$2.35	\$2.90	\$2.90	\$2.90	\$4.15	\$4.55	\$1.90
<i>8:00 PM</i>	\$2.35	\$1.90	\$1.90	\$1.90	\$2.65	\$4.15	\$1.90
<i>9:00 PM</i>	\$1.90	\$1.90	\$1.90	\$1.90	\$1.90	\$2.65	\$1.90
<i>10:00 PM</i>	\$1.20	\$1.20	\$1.20	\$1.20	\$1.20	\$1.90	\$1.20
<i>11:00 PM</i>	\$1.20	\$1.20	\$1.20	\$1.20	\$1.20	\$1.20	\$1.20



Westbound

Riverside County Line to SR-55

	Sun	M	Tu	W	Th	F	Sat
<i>Midnight</i>	\$1.20	\$1.20	\$1.20	\$1.20	\$1.20	\$1.20	\$1.20
<i>1:00 AM</i>	\$1.20	\$1.20	\$1.20	\$1.20	\$1.20	\$1.20	\$1.20
<i>2:00 AM</i>	\$1.20	\$1.20	\$1.20	\$1.20	\$1.20	\$1.20	\$1.20
<i>3:00 AM</i>	\$1.20	\$1.20	\$1.20	\$1.20	\$1.20	\$1.20	\$1.20
<i>4:00 AM</i>	\$1.20	\$2.25	\$2.25	\$2.25	\$2.25	\$2.25	\$1.20
<i>5:00 AM</i>	\$1.20	\$3.70	\$3.70	\$3.70	\$3.70	\$3.55	\$1.20
<i>6:00 AM</i>	\$1.20	\$3.80	\$3.80	\$3.80	\$3.80	\$3.70	\$1.20
<i>7:00 AM</i>	\$1.20	\$4.20	\$4.20	\$4.20	\$4.20	\$4.10	\$1.65
<i>8:00 AM</i>	\$1.65	\$3.80	\$3.80	\$3.80	\$3.80	\$3.70	\$1.90
<i>9:00 AM</i>	\$1.65	\$3.05	\$3.05	\$3.05	\$3.05	\$3.05	\$2.35
<i>10:00 AM</i>	\$2.35	\$1.90	\$1.90	\$1.90	\$1.90	\$1.90	\$2.35
<i>11:00 AM</i>	\$2.35	\$1.90	\$1.90	\$1.90	\$1.90	\$1.90	\$2.70
<i>Noon</i>	\$2.35	\$1.90	\$1.90	\$1.90	\$1.90	\$1.90	\$2.70
<i>1:00 PM</i>	\$2.70	\$1.90	\$1.90	\$1.90	\$1.90	\$1.90	\$2.70
<i>2:00 PM</i>	\$2.70	\$1.90	\$1.90	\$1.90	\$1.90	\$1.90	\$2.70
<i>3:00 PM</i>	\$2.70	\$1.90	\$1.90	\$1.90	\$1.90	\$2.35	\$2.70
<i>4:00 PM</i>	\$2.85	\$1.90	\$1.90	\$1.90	\$1.90	\$2.35	\$2.85
<i>5:00 PM</i>	\$2.85	\$1.90	\$1.90	\$1.90	\$1.90	\$2.35	\$2.85
<i>6:00 PM</i>	\$2.85	\$1.90	\$1.90	\$1.90	\$1.90	\$2.80	\$2.35
<i>7:00 PM</i>	\$2.35	\$1.20	\$1.20	\$1.20	\$1.20	\$1.90	\$1.90
<i>8:00 PM</i>	\$2.35	\$1.20	\$1.20	\$1.20	\$1.20	\$1.20	\$1.20
<i>9:00 PM</i>	\$2.35	\$1.20	\$1.20	\$1.20	\$1.20	\$1.20	\$1.20
<i>10:00 PM</i>	\$1.20	\$1.20	\$1.20	\$1.20	\$1.20	\$1.20	\$1.20
<i>11:00 PM</i>	\$1.20	\$1.20	\$1.20	\$1.20	\$1.20	\$1.20	\$1.20

Only 18 Hours Adjusted Since 2003

OCTA has only increased tolls in just 18 eastbound toll periods out of a total of 336 possible westbound and eastbound toll periods since 2003

Eastbound

	Mon	Tue	Wed	Thur	Fri	Sat	Sun
MIDNIGHT							
1:00 AM							
2:00 AM							
3:00 AM							
4:00 AM							
5:00 AM							
6:00 AM							
7:00 AM							
8:00 AM							
9:00 AM							
10:00 AM							
11:00 AM							
NOON							
1:00 PM							
2:00 PM					1		
3:00 PM		1	2	2	7		
4:00 PM	3	5	5	6	6		
5:00 PM	2	5	5	6	4		
6:00 PM		2	1	2			
7:00 PM							
8:00 PM							
9:00 PM							
10:00 PM							
11:00 PM							

2007 Calendar Year Toll Adjustments

Mon, 1/1/07	5-6 PM	\$0.75 increase to \$6.65
Tue, 1/1/07	4-5 PM	\$0.75 increase to \$8.00
Wed, 1/1/07	3-4 PM	\$0.75 increase to \$4.95
Wed, 1/1/07	4-5 PM	\$0.75 increase to \$8.50
Thu, 1/1/07	4-6 PM	\$0.75 increase to \$9.25
Thu, 1/1/07	6-7 PM	\$0.75 increase to \$5.75
Fri, 1/1/07	3-4 PM	\$0.75 increase to \$9.25
Tue, 4/1/07	5-6 PM	\$0.75 increase to \$8.50
Tue, 4/1/07	6-7 PM	\$0.75 increase to \$5.45
Wed, 4/1/07	6-7 PM	\$0.75 increase to \$4.95
Thu, 4/1/07	3-4 PM	\$0.75 increase to \$4.95
Fri, 4/1/07	4-5 PM	\$0.75 increase to \$9.50
Fri, 4/1/07	5-6 PM	\$0.75 increase to \$8.00
Tue, 7/1/07	3-4 PM	\$0.75 increase to \$4.70
Fri, 7/1/07	2-3 PM	\$0.75 increase to \$5.10

2008 Calendar Year Toll Adjustments

Wed, 1/1/08	3-4 PM	\$1.00 increase to \$5.95
Thu, 1/1/08	3-4 PM	\$0.75 increase to \$5.70
Fri, 1/1/08	3-4 PM	\$0.75 increase to \$10.00

Wednesday, December 26, 2007

91 Express Lane peak toll to increase to \$10

Highest toll to reach \$10 during peak drive time on Friday starting next week.

By ELLYN PAK
THE ORANGE COUNTY REGISTER

Commuters on the 91 Express Lanes will soon have to dig deeper into their wallets for higher tolls.

On Fridays during rush hour, the toll will hit the \$10 mark.

Starting next week, from 3 to 4 p.m. Fridays eastbound, tolls will go up from \$9.25 to \$10.

The eastbound toll from 3 to 4 p.m. Wednesdays will increase from \$4.95 to \$5.95 and the toll from 3 to 4 p.m. Thursdays will increase from \$4.95 to \$5.70.

The Orange County Transportation Authority, which owns the toll lanes, raises prices when it tracks 3,200 or more cars in one direction during the same hour in any six of 12 consecutive weeks.

The prices apply to peak times and are based on the number of cars that use the toll lanes. The last increase occurred in July.

The lanes' increasing popularity on a freeway that carries 320,000 vehicles a day will probably keep the price increases coming. The lanes are already one of the country's most expensive tollways.

Resolving Port/Corridor City Conflicts in the design of the Alameda Corridor

“This is a transportation project, not an economic project. The cities see it as an economic project. The ports do not.”

Ezunial Burts, then Port of LA Executive Director

Globalizing L.A. by Professor Steven Erie

“Privatized” Project Scope



Paris A86 Tunnel

- 70 year concession, privately financed
- \$2.3 billion Euros
- Smaller bore, smaller capital cost
- Note reduced clearance
- Build for small vehicles
- Two lanes, safety lane



91 Express Lanes

- AB 680 35 Year Franchise
- Built in existing SR 91 median
- 10 miles
- 2 Express Lanes each direction
- 1 entrance, 1 exit
- ADT 350,000 in 2030
- ~\$135 million cost in 1995
- 100% privately financed

Capital Beltway I-495 Hot Lanes

- 70 Year Virginia DOT Franchise
- New Hot Lanes to be built in median, with new general purpose lanes added on shoulders
- 12 miles
- 2 Hot Lanes each direction
- 9 entrances and exits
- ADT 162,000 in 2030
- ~\$1.8 billion capital cost
- \$400 million VDOT grant
- \$588 million TIFIA loan

- New projects should be designed for a “financially constrained” environment
- If you have a funding gap, project sponsors should work closely with toll road experts in design, operations and finance throughout the development phase in order to ensure that the project design will be financially feasible



Infrastructure Public-Private Partnerships

The Role of Private Capital in Meeting our Infrastructure Needs



The Macquarie Group

DIVERSIFIED, GLOBAL FINANCIAL SERVICES ORGANIZATION

- Global institution, operations in all major financial centers
- Total assets under management, ~US\$200 billion*
- 55%^ of total operating income derived from international markets
- Nearly 12,500 employees in 25 countries
 - Over 1,500 employees in the Americas
- Macquarie Group Limited, Australian Securities Exchange-listed (ASX: MQG)
- Market capitalization of ~US\$15 billion
- Successive years of record profits and consistent growth since 1992

Note: "Macquarie" refers to Macquarie Group Limited and its subsidiaries and affiliates worldwide

*As of December 31, 2007

^Excludes earnings on capital and is after directly attributable costs including fee and commission expenses

Staff numbers as of December 31, 2007

Market Capitalization as at January 31, 2008





Macquarie's Track Record in Roads World Class Toll Road Developer and Operator

34 roads, 10 countries - unique global positioning, local asset managers

EUROPE

UK

M6 Toll

France

Autoroutes Paris-Rhin-Rhône

Germany

Warnow Tunnel

Portugal

Tagus Crossings

Canada

A25*

407 ETR

Edmonton Ring Road

Sea To Sky

Japan

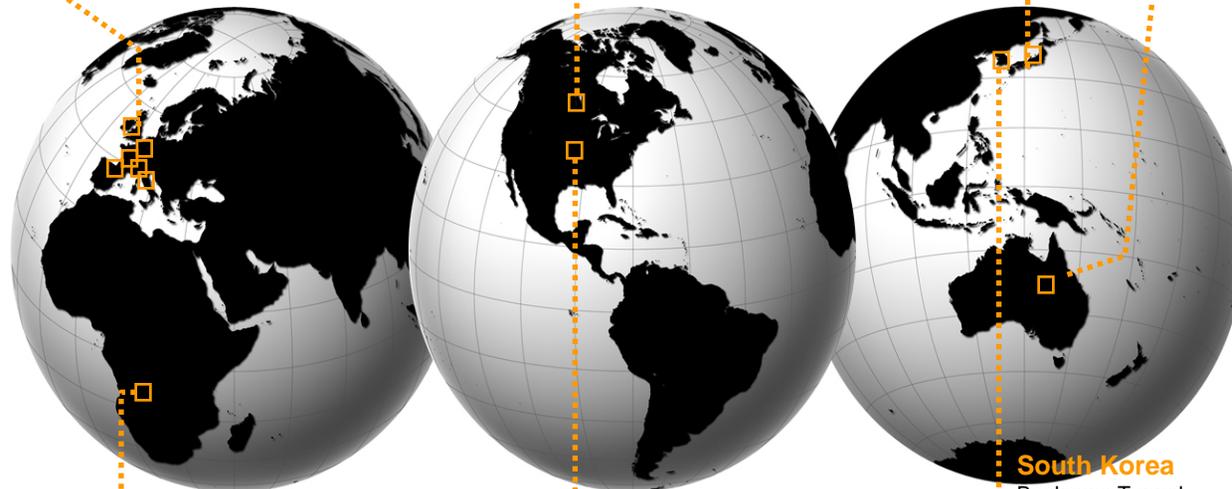
Hakone Turnpike

Ibukiyama Driveway

Australia

EastLink

Westlink M7



AFRICA

South Africa

Bakwena Platinum

Corridor

N3 Toll

N4 Maputo Toll

USA

Dulles Greenway

Indiana Toll Road

Skyway

South Bay Expressway

South Korea

Baekyang Tunnel

Cheonan Nonsan Expressway

New Daegu Busan Expressway

Daegu East Circular Road

Incheon Expressway

Incheon Grand Bridge

Kwangju 2nd Beltway, Section 1

Kwangju 2nd Beltway, Section 3

Machang Bridge

Seoul Chuncheon Expressway

Soojungsan Tunnel

Woomyunsan Tunnel

Yongin Seoul Expressway

Seosuwon-Osan-Pyungtaek Expressway

Total Proportionate EV US\$ 33 billion
>1.7 million vehicles per day

As at 30 June 2007 – the assets listed are managed on behalf of investors with various direct % stakes held in each

*Subject to financing and customary closing arrangements

- Governments under fiscal pressures
- Competing budgetary priorities
 - New roads, health, education, welfare
- Impact of congestion
 - Impedes economic growth, environmental impact
 - Need for new transportation infrastructure
- Growing realization that status quo may have limitations
 - Gas tax increase a difficult option politically
 - Taxation a blunt instrument – shift towards user pays model



Willingness
to Embrace
Financing
Alternatives
for Public
Assets



Why Engage Private Sector?

Accelerating Infrastructure Delivery

Directly

- Private sector capital can be mobilized along with private sector expertise to design, build, operate and finance new infrastructure
- Allows the public sector to focus its resources on other worthwhile projects or services which may not be self supporting, as narrowly defined by the private sector

Indirectly

- Private sector capital can be mobilized to acquire existing infrastructure or manage existing assets
- Significant public sector capital and operating expenses are tied up in existing infrastructure, which could be liberated for higher value uses (new roads, schools, hospitals etc.)



The Role of Private Capital

Safe, Efficient and Profitable Operation of Infrastructure

- Good service attracts customers, poor service repels customers
- Providers of private capital have a strong financial incentive to provide top quality service
 - Safety and security of customers
 - Uninterrupted, predictable journey experience
 - High quality, well maintained assets
 - Customer service at point of sale, increasingly electronically
- Infrastructure businesses are important to the communities they serve
 - Locally based management is preferred
 - Community outreach is important

- Public Support
 - Elected and appointed officials
 - Motorists, developers and environmental groups
- Level Playing Field
- Clear Project Definition – The public sector should always set the agenda
- Partnership Approach
 - Avoid temptation to give the private sector the “too hard basket” only
 - Identify projects for private investment early to maximize competition

- Some key dials to consider:
 - Concession length
 - Tolling schedule
 - Revenue sharing
 - Other concession terms





South Bay Expressway / SR-125

Overview Of Asset

- Total project cost – \$820 million
- 11 miles in length
- 35 year concession from date of road opening
- Flexible toll setting, cap on rate of return
- Results to Date:
 - Congestion relief
 - Time savings on commutes
 - Positive economic impacts
 - High customer satisfaction
- Other:
 - 100 PYs of CalTrans Engineers
 - 4,500 local construction jobs
 - \$20m in Environmental Mitigation





Sea-to-Sky Highway / BC-99

Overview Of Asset

- 95km project
- Critical piece of infrastructure for 2010 Olympics
- \$600m Price Cap – Award based on improvements over objectives
- Availability Payment – No tolling – “Achieving Value for Money”
- 25-year Design-Build-Finance-Operate
- Designed to improve safety and mobility; environmental considerations also important





Conclusions / Summary

The Role of Private Capital

- ✓ **Provide significant benefits to the community by allowing the public sector to accelerate project development**
- ✓ **Acceptance and management of risk for profit**
- ✓ **Motivated by the same incentives as any business owner**
 - Good service means good business
 - Local factors predominate
- ✓ **Private finance is not a cure all for all problems**



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