



Florida Transportation Commission Meeting

March 3, 2008

Presenter: John Hastings





Introduction of

Royal Bank of Canada

Executive Summary



Royal Bank of Canada

- US \$495 billion of assets
- 2006 Annual revenue of US\$ 18.4bn
- US \$69 billion of Market Capitalisation
- Aaa/ AA-rated
- 6th largest financial institution in North America
- 70,000 employees in 30 countries

RBC Capital Markets

- One of World's top 20 investment banks¹
- International corporate and investment bank
- Daily top 3 NYSE trader
- One of the largest global debt underwriter¹
- 3,700 employees in 75 offices in 15 countries

¹ Source: Bloomberg April '07

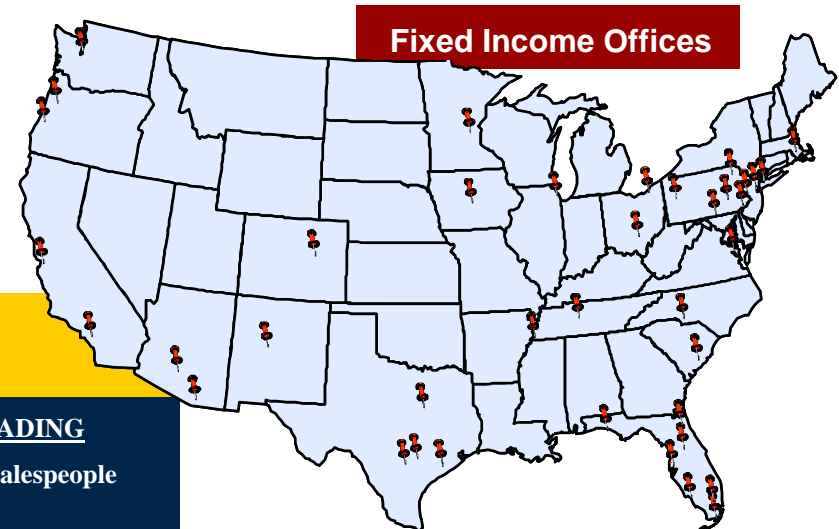
Regional Presence

RBC offers the same quality of service around the world with representatives of the Infrastructure Finance & Project Finance team in all major centres



Market knowledge of opportunities on a Global Basis

- 3rd largest public finance group in the US
- Leader in the Public Finance sector – for 2006 it ranks:
 - 1st as Senior Manager of negotiated municipal bond by number of issues with 571 issues
 - 8th as Senior Manager of negotiated municipal bond issues with over \$15.2 billion in par amount.
 - 7th as Co-Manager of negotiated municipal bond issues with over \$66 billion in par amount.
- Local presence
 - 176 bankers in 27 locations
 - Regional underwriting capabilities



FIXED INCOME GROUP Larry Holtz, President

BANKING

- 176 investment banking professionals in 27 offices
- 40 Support Personnel
- # 6 lead manager by par amount
- # 1 lead manager by # of issues

SALES & TRADING

- 170 institutional salespeople in 19 offices
- 135 Underwriters & Traders
- 26 Research Analysts
- 102 Support Personnel

A stylized world map in a light beige color, showing the continents of North America, South America, Europe, and Africa.

A Leading Bank in the Infrastructure Sector

- **An integrated global platform with major hubs in:**
 - *North America*
 - *Europe*
 - *Australasia*
- **Providing a full range of advisory and funding services to greenfield and established businesses:**
 - *Strategic advice on bidding for projects and assets*
 - *M&A advice on acquisitions and disposals*
 - *Sourcing primary equity*
 - *Acquisition Finance and mezzanine debt*
 - *Debt structuring and risk management advice*
 - *Senior bank debt and bond underwriting*
 - *Derivatives backed by Aaa/AA- balance sheet*
 - *Cash management and GICs*
- **Covering all sectors**
 - *Transport*
 - *Utilities and Environmental Services*
 - *Social Infrastructure and Regeneration*

A Global Platform with Regional Expertise

Leadership in the Emerging U.S. P3 Marketplace



Missouri DOT Safe & Sound Bridge Program

Ongoing

Bridge Improvement Program
Privatization Bid



Financial Advisor
to John Laing Consortium



Northwest Parkway Public Highway Authority

Closed November 2007

\$603,000,000 Toll Road Privatization
Northwest Parkway, Colorado



Financial Advisor
to Authority



North Texas Tollway Authority

Closed November 2007

\$3,333,000,000 Upfront
\$698,000,000 Construction
SH 121 "Public Sector Alternative"



Financial Advisor
Lead Arranger / Sole Bookrunner



Harrisburg Parking Authority

Ongoing

P3 Concession of
Harrisburg's Parking Assets



Financial Advisor
to Authority



Tampa-Hillsborough County Expressway Authority

2006 - 2007

DBFO Toll Road Project, Florida
New Tampa East-West Road



Financial Advisor
to Authority



Itinere (Sacyr Vallehermoso)

2005 - 2006

Indiana Toll Road
Privatization Bid



Financial Advisor
to Sacyr Vallehermoso

Northwest Parkway RBC was financial advisor to the Northwest Parkway Public Highway Authority with respect to the privatization of this toll road in the Denver, Colorado area. The transaction size was \$603 million.

SH-121 RBC was financial advisor to the North Texas Tollway Authority (NTTA) and its partners in respect of its bid to TxDOT for the SH-121 project.

NTE RBC is financial advisor to the Balfour Beatty/Brisa consortium in its bid for the concession and Comprehensive Development Agreement (CDA) of the 36 mile \$1.6bn North Tarrant Express.

I-595 RBC is financial advisor to the Global Via consortium in its bid for the concession of the 10.5 mile roadway and associated improvements in Broward County, Florida.

Tampa East West Road RBC served as financial advisor to the Tampa Hillsborough Expressway Authority in respect of this P3 toll road in "New Tampa".

Indiana Toll Road RBC acted as financial advisor to Itinere (the road concessions arm of Grupo Sacyr Vallehermoso) for its bid for the privatisation of the 157 mile Indiana Toll Road. In addition, RBC was a MLA for the acquisition debt facilities supporting the bid.

Trans-Texas Corridor RBC served as financial advisor to the Texas Department of Transportation in respect of the privatization of various roads. These include, inter alia, the TTC-35 and the SH-130 (5&6) projects.

Central Texas Turnpike Project RBC assisted TxDOT in raising \$3.1 billion for the 122-mile project. The financing package included a \$916 million TIFIA loan, which RBC played an active role in structuring.

Georgia DOT RBC is financial advisor to Georgia Department of Transportation for the state's P3 program. RBC is advising GDOT on I-20 Managed Lanes, I-75 Truck Toll Lanes, GA 400 HOT lanes, I-285, Port of Savannah toll roads and comprehensive network funding for Atlanta Metro.

Missouri DOT Bridge Improvement Program RBC is financial advisor to the John Laing consortium, one of two bidders for the program.

Harrisburg Parking Authority RBC is the financial advisor to the Harrisburg Parking Authority for P3 concession of the city's parking assets.

RBC CM Awards — 2007

▪ RBC is The Leading Global Bond House



**Global Bond House
of the Year**



**North American
Deal of the Year**



Port Harbour

**EUROMONEY
ProjectFinance**



Europe

**European
Health
Deal of the Year**

**Northern Batch
Consort**
healthcare



**European
Securitisation
Deal of the Year**



**European
Acquisition
Deal of the Year**

TRINERGY
RENEWABLE ENERGY ASSET MANAGEMENT



**Middle Eastern
Petrochemicals
Deal of the Year**

EAgrium



**EUROMONEY
ProjectFinance**



Americas

**North American
Public Power
Deal of the Year**

**St Clair
Power LP**

Coordinating Financial
Adviser & Joint Lead
Arranger



**North American
Acquisition
Deal of the Year**

**Global Container
Terminals**

Joint Mandated
Lead Arranger



**North American
Transport
Deal of the Year**

**Northwest
Parkway**

Financial Adviser
to the Authority



**North American
Leisure
Deal of the Year**

**Jets Stadium LLC
Giants Stadium LLC**

Joint Mandated
Lead Arranger





To P3?

Or Not To P3?



Public Private

“PARTNERSHIP”



Brownfield

vs.

Greenfield

A small, light-colored world map is positioned in the top-left corner of the slide.

Brownfield Privatization

1. **New source of Capital**
2. **Efficient operation**
3. **Expanded service**
4. **Capital improvements**
5. **Monetization / Re-leverage**

A small, light-colored world map is positioned in the top left corner of the slide.

Greenfield Privatization

1. **New source of Capital**
2. **Enhanced mobility**
3. **Expanded ability to deliver projects**
4. **Innovation**
5. **Risk transfer**

A small, light-colored world map is positioned in the top left corner of the slide.

Risk Transfer

1. **Construction risk**
2. **Operational risk**
3. **Performance risk**
4. **Economic risk**



Valuations

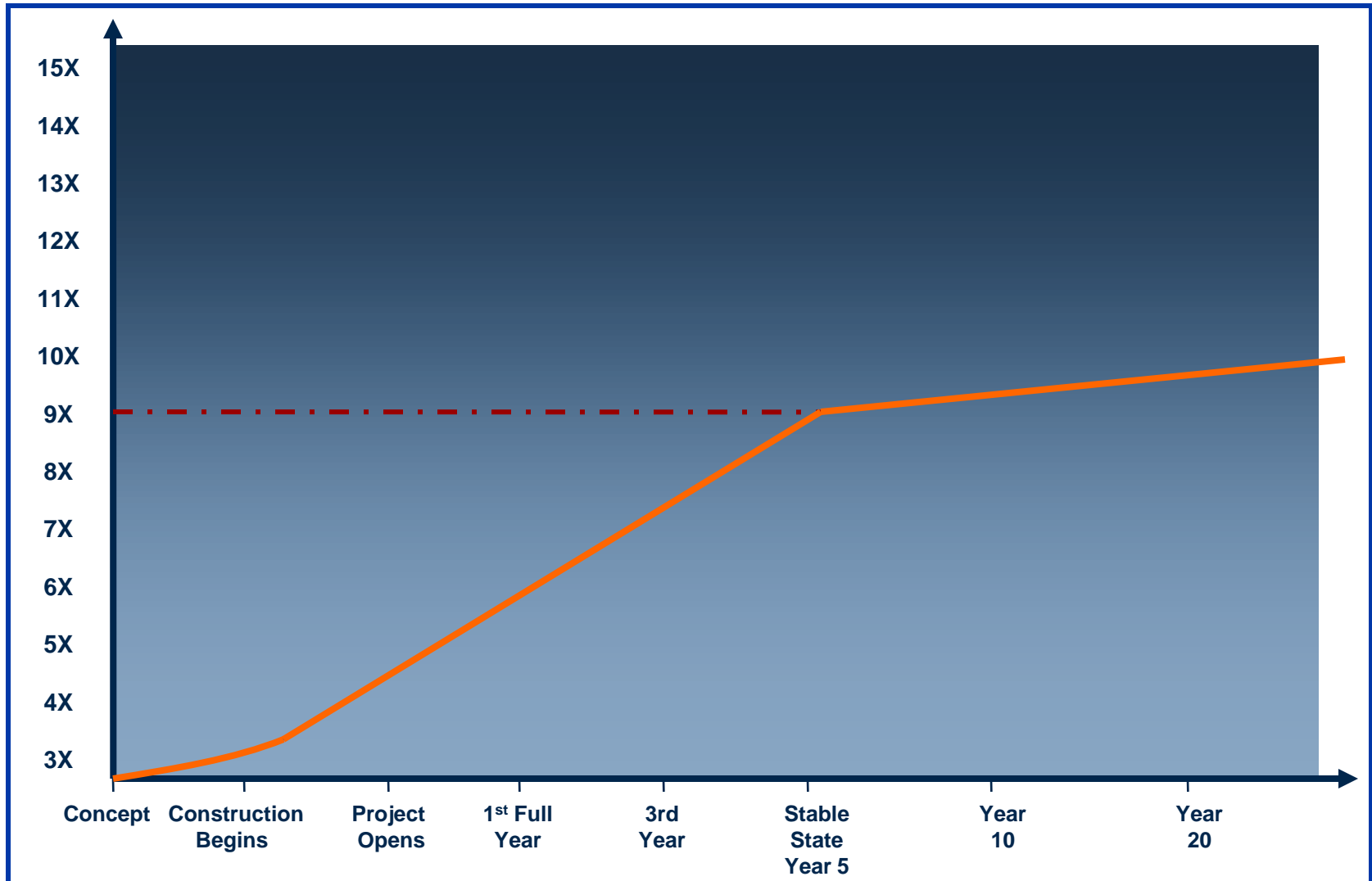
**Existing assets.
(Brownfields) Generally have higher
Valuations**

- 1. Less risk**
- 2. More predictable**
- 3. More stable**

**New Projects (Greenfields) have lower
valuations**


- 1. More risk**
- 2. Less predictable**
- 3. Less stable**

Free Cash Flow Multiples (EBIT)




Tax Exempt Public Ownership *vs* Private Ownership

1 = Least 10 = Best



	PUBLIC	PRIVATE
1. Protect public interest	9	6
2. Cost of capital	7	5
3. Operations	5	7
4. Cost of construction	4	8
5. Ability to absorb risk	8	6
6. Quality of service	5	5
7. Innovation	5	8

Decision Making Regarding Privatization

- 
1. Is there risk transfer?
 2. Is the cost of funds equal to or lower than the public model?
 3. Does it improve delivery of essential service?
 4. Does it benefit the public?
 5. Does it allow flexibility?



RBC
Capital
Markets