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
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.
America Presence

- 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
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
**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 Project Finance Deal of the Year

Europe

Northern Batch Consortium

Thames Water

TRINERGY

EAgrium

Middle Eastern Petrochemicals Deal of the Year

Americas

St Clair Power LP

Global Container Terminals

Northwest Parkway

Jets Stadium LLC Giants Stadium LLC

North American Public Power Deal of the Year

North American Acquisition Deal of the Year

North American Transport Deal of the Year

North American Leisure Deal of the Year

Coordinating Financial Adviser & Joint Lead Arranger

Joint Mandated Lead Arranger

Financial Adviser to the Authority

Joint Mandated Lead Arranger
To P3?

Or Not To P3?
Public Private

“PARTNERSHIP”
Brownfield

VS.

Greenfield
Brownfield Privatization

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

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

Risk Transfer

1. Construction risk
2. Operational risk
3. Performance risk
4. Economic risk
## Valuations

<table>
<thead>
<tr>
<th>Existing assets. (Brownfields) Generally have higher valuations</th>
<th>New Projects (Greenfields) have lower valuations</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Less risk</td>
<td>1. More risk</td>
</tr>
<tr>
<td>2. More predictable</td>
<td>2. Less predictable</td>
</tr>
</tbody>
</table>

### Brownfield vs. Greenfield
Free Cash Flow Multiples (EBIT)

- Concept
- Construction Begins
- Project Opens
- 1st Full Year
- 3rd Year
- Stable State Year 5
- Year 10
- Year 20

Multiples:
- 15X
- 14X
- 13X
- 12X
- 11X
- 10X
- 9X
- 8X
- 7X
- 6X
- 5X
- 4X
- 3X
# Tax Exempt Public Ownership vs Private Ownership

<table>
<thead>
<tr>
<th></th>
<th>Protect public interest</th>
<th>Cost of capital</th>
<th>Operations</th>
<th>Cost of construction</th>
<th>Ability to absorb risk</th>
<th>Quality of service</th>
<th>Innovation</th>
</tr>
</thead>
<tbody>
<tr>
<td>PUBLIC</td>
<td>9</td>
<td>7</td>
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<tr>
<td>PRIVATE</td>
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<td>7</td>
<td>8</td>
<td>6</td>
<td>5</td>
<td>8</td>
</tr>
</tbody>
</table>

1 = Least  
10 = Best
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?