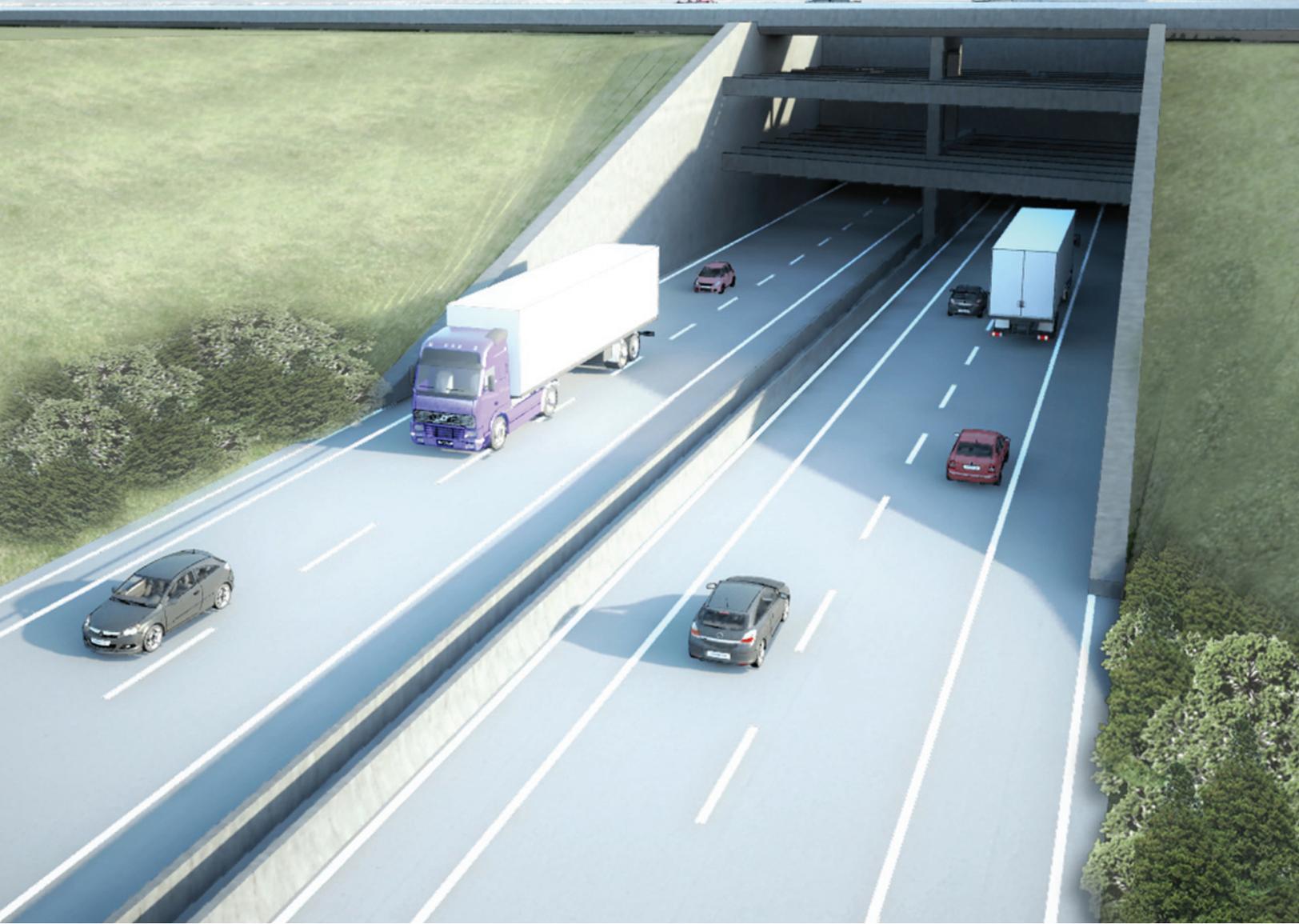


VALUE FOR MONEY REPORT

The Completion of Autoroute





KPMG LLP
Chartered Accountants
600 de Maisonneuve Blvd. West
Suite 1500
Tour KPMG
Montréal, Québec H3A 0A3

Telephone (514) 840-2100
Fax (514) 840-2187
Internet www.kpmg.ca

October 8, 2008

Mrs. Sandra Sultana, Eng., M.Sc.A.
Director, Bureau de la mise en œuvre du partenariat public-privé
Ministère des Transports du Québec
Suite 13.40
500 René-Lévesque Boulevard West
Montréal (Québec) H2Z 1W7

and

Mr. Gabriel Soudry, Eng., MBA
Vice President, Projects
Agence des partenariats public-privé du Québec
Suite 6.40
500 René-Lévesque Boulevard West
Montréal (Québec) H2Z 1W7

**Value-for-Money analysis of the public-private partnership for the completion of
Autoroute 30**

Dear Madam and Sir:

KPMG LLP has completed a Value-for-Money analysis for completing the Autoroute 30 highway project (the "Project") as a public-private partnership compared to completing the Project through traditional procurement.

The Value-for-Money analysis is based on a comparison of total Project costs to the Government of Québec as of July 1st, 2008.

1. according to the terms and conditions set forth by the partnership agreement signed on September 25th, 2008 by the Ministère des Transports du Québec and the private partner, Nouvelle Autoroute 30, S.E.N.C.; and
2. according to a traditional procurement approach by the Ministère des Transports du Québec, as set out in the Public Sector Comparator model which we compiled.



Based on the above analysis, the Government of Québec should realize value-for-money in the order of \$750 million by carrying out the Project as a public-private partnership compared to a traditional procurement approach.

We have not audited the financial model submitted by Nouvelle Autoroute 30, S.E.N.C. of the partnership agreement. Furthermore, we have not independently verified the assumptions underlying the Public Sector Comparator model provided to us by the Ministère des Transports du Québec.

Sincerely,

KPMG LLP

KMPG LLP

Marc-André Patoine, lawyer
1754 Gouin Blvd. East
Montreal, Québec
H2C 1C6

Office: (514) 382-6960
cell: (514) 862-9301
fax: (514) 382-7165
e-mail: mapatoine@sympatico.ca

Montreal, October 5, 2008

Ms. Sandra Sultana
Director
BMOPPP
500 René-Lévesque Blvd. West
Montreal (Québec) H2Z 1W7

Mr. Gabriel Soudry
Vice-President
PPPQ
500 René-Lévesque Blvd. West
Montreal (Québec) H2Z 1W7

Subject: Autoroute 30 Completion Project

Dear Sir /Madam,

In November 2006, I accepted the mandate to act as fairness auditor to the consultation and selection process carried out in connection with the ministère des Transports du Québec (MTQ) project for the design, construction, financing, operation, maintenance and rehabilitation of the Autoroute 30 completion in the Montreal area through a public-private partnership approach of an approximate term of 35 years, from the date the agreement is signed. As part of the mandate given to me by the Government of Québec, I was commissioned to review the overall consultation and selection process and reassure both the government authorities and the respondents that the consultation and selection process unfolds in a fair and transparent manner and in accordance with the provisions of the Request for Qualifications and the Request for Proposals. I observe the process's progress and I have provided independent opinions. The whole process ensured a healthy competition.

The segment covered by the A-30 PPP Completion project is located to the southwest of the greater Montreal area, near the Ontario and American borders. It consists of a four-lane bypass highway that circumnavigates the island of Montreal. The A-30 Completion is approximately 42 kilometres long, stretching from Vaudreuil-Dorion to Châteauguay. The private partner will be responsible, over this aforementioned stretch, for the design, construction, financing, operation, maintenance and rehabilitation of the A-30 PPP Completion. In addition, he must also undertake the financing, operation, maintenance and rehabilitation of the complementary A-30 Sections over a distance of approximately 19 km for the "Eastern" section, 10 km for the "central" section and 3 km for the "Western section 7".

As fairness auditor, my duties and functions included:

- taking cognizance of the contractual documents pertaining to the process (Request for Qualification and Request for Proposals), as well as the MTQ's internal documents defining the rules that would apply to the specific procurement process regarding the Autoroute 30 project;

- attending all the meetings between the project team and the respondents during the process;
- attending all the meetings of the evaluation committee;
- attending the meetings of the various committees and sub-committees reporting to the evaluation committee, which I deemed appropriate;
- verifying that all the respondents had access to the same information, at the same time, for the purposes of formulating their proposals;
- verifying that all the submissions and proposals were evaluated objectively and uniformly on the basis of the evaluation criteria published in both the request for qualification and the request for proposals;
- verifying that any adjustments to the partnership agreement vis-à-vis the selected proponent's proposal and the financial closing were conducted in such a fashion as to not breach any of the provisions of the request for proposals documents; and
- providing, at the executive committee's request, where applicable, an opinion regarding the equity and/or transparency of the process.

In my capacity as fairness auditor, I scrutinized, following the request for qualification issued on November 8, 2006, the filing of submissions, the analysis of their admissibility and the assessment of the competency and financial capacity of the various respondents. The four submissions that were filed were declared admissible and I can confirm that they were evaluated objectively, on the same level basis and exclusively on the basis of the published evaluation criteria and fairly.

The three respondents who received the highest evaluations were subsequently invited to respond to the request for proposals issued on June 20, 2007. These three invited respondents participated actively in the consultation and selection process and always complied with the various obligations that had been stipulated. In addition to the general and thematic information sessions, 10 bilateral meetings enabled them to obtain clear information and a better understanding of the project, its technical requirements and the partnership agreement. I observed and examined this entire process and the evaluation of the compliance of the submissions that were made. These three proposals were declared to have complied with the technical, commercial and financial requirements of the project.

The minister has chosen the proposal that offered the lowest price that correspond to the discounted value, as at July 1, 2008, of the construction payments, capital payments, operating maintenance and rehabilitation (OMR) payments based on the conditions stipulated in section 6.7 of the Volume 1, as contained in Schedules 1-11 and 1-12 of Volume 1 of the request for proposals. For the supplemental OMR activities, the OMR payment proposed by the respondents has to meet the conditions specified in the same section.

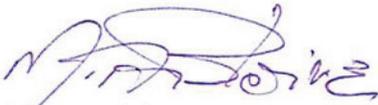
I also observed and examined the final stage of the process which led to the signing of the partnership agreement and the financial close, on September 25, 2008, with the private partner. I confirm that the fourth version of the partnership agreement did not undergo any material modifications, other than changes to incorporate specific details of the selected proponent's proposal.

Marc-André Patoine, lawyer
1754 Gouin Blvd. East
Montreal, Québec
H2C 1C6

Office: (514) 382-6960
cell: (514) 862-9301
fax: (514) 382-7165
e-mail: mapatoine@sympatico.ca

In carrying out my mandate, I took cognizance of all the information submitted or required, I attended all the significant stages of the process, and I participated in several meetings and conducted numerous audits. As indicated in my reports that were made public, I hereby confirm to you that the signature of the partnership agreement was the result of a consultation and selection process where the principles of equity, equality and transparency as stipulated in the various above-mentioned documents were complied with at all times, thus ensuring an healthy competition.

Yours truly,



*Marc-André Patoine, lawyer
Fairness Auditor
Autoroute 30 Completion Project*

The English version of this document is provided for information only. The original French version shall be considered as official.

TABLE OF CONTENTS

0. PREFACE	Letters from KPMG and the fairness auditor	
1. EXECUTIVE SUMMARY		3
2. OBJECTIVES OF THE REPORT		5
3. DESCRIPTION OF THE PROJECT		6
3.1 History of Autoroute 30		6
3.2 Main issues		6
3.3 Objectives of the completion of Autoroute 30		7
3.4 Project components		8
3.5 Main studies conducted as part of the completion		9
4. SELECTION PROCESS		10
4.1 Request for qualification		10
4.2 Request for proposals		11
4.3 Finalization of the partnership agreement		11
5. HIGHLIGHTS OF THE PARTNERSHIP AGREEMENT		12
6. PUBLIC SECTOR COMPARATOR		13
7. PRIVATE PARTNER'S PROJECT		15
7.1 Highlights of the technical portion of the proposal		15
7.2 Commercial structure of the private partner		17
7.3 Project calendar		18
7.4 Cost of the private partner's proposal		19
8. COMPARATIVE ANALYSIS		20
8.1 Qualitative comparison		20
9. CONCLUSION		21
APPENDICES		22
1. Table of the main risks and responsibilities		22
2. Structure of the Selection Committee		23

The initial project for Autoroute 30 (A-30) to connect the main industrial municipalities of the south shore of the St. Lawrence River between Valleyfield and Bécancour was born in the 1960s and 1970s, when Quebec started developing its highway network.

The A-30 project is intended to complete this major highway link and give the Montreal metropolitan area a bypass route. The project will facilitate the movement of people and merchandise and contribute to the economic growth of the Montérégie, metropolitan Montreal and Quebec in general.

The western portion of this stretch of highway will be designed, built, financed, operated, maintained and rehabilitated by a private partner, i.e. Nouvelle Autoroute 30, S.E.N.C. This portion runs from Vaudreuil-Dorion to Châteauguay, over a distance of around 35 kilometres. A seven-kilometre section connecting route 201 in the municipality of Salaberry-de-Valleyfield will be added to these 35 kilometres, for an approximate total of 42 kilometres. The western portion will include a short tunnel under the Soulanges Canal, a bridge over the St. Lawrence River and a bridge over the St. Lawrence Seaway at the Beauharnois Canal. The private partner must also implement a toll system on the bridge over the St. Lawrence River.

The government is also entrusting the private partner with the financing, operation, maintenance and rehabilitation of supplemental sections over 35 kilometres. These additional stretches will provide economies of scale, because the private partner will be responsible for the long-term maintenance of a continuous section of Autoroute 30 totalling 77 kilometres between Vaudreuil-Dorion and La Prairie.

The Ministère des Transports du Québec (MTQ) has the following objectives for this project:

- facilitate access of goods and services to external markets, by developing the Quebec and Canadian strategic transportation network;
- allow through-traffic to bypass the Island of Montreal and increase the predictability of travel time.
- create an efficient and continuous highway link for communities in the Montérégie;
- allow better integration of the western portion of the Montérégie to the socio-economic environment of the Montreal area by improving access to services and industries for Montérégie's population;
- improve the reliability of the highway network in the Montreal area and road safety for all users of regional municipalities crossed by the eastern, central and western portions of A-30 that are being completed;
- create an alternate link to reduce the impact of temporary hindrances to the metropolitan highway network due to construction or major incidents;
- reduce the number of accidents in surrounding municipalities and prevent the transportation of hazardous materials in urban areas.

The completion of Autoroute 30 has been the subject of many studies in recent years. These studies have allowed the MTQ to conclude that carrying out this project through a public-private partnership (PPP) offers distinct advantages. The business case developed by the MTQ, working with the Agence des partenariats public-privé, concludes that there will be savings of \$751 million (at present value as at July 1st, 2008) over the 35 years of the partnership agreement.



Aside from substantial savings for Quebec taxpayers, the completion of Autoroute 30 through a PPP will deliver the following benefits:

- Delivery of the infrastructure to users two years earlier than if using conventional methods;
- Assurance of the availability of budgets required for maintenance, operation and rehabilitation, thereby guaranteeing that the infrastructure remains in top condition for the duration of the partnership agreement.

Essentially, in addition to generating substantial savings for taxpayers (\$751 million at present value as at July 1st, 2008), the completion of Autoroute 30 through a PPP will promote the economic development of the Montérégie and facilitate the movement of people and goods, while improving the safety of users.

The purpose of this report is to inform readers of the results of the process that led to the selection of the private partner to complete Autoroute 30. It describes the financial and technical information that supported this process and quantifies the added value for public funds invested resulting from the decision to complete the highway through a public-private partnership. It testifies to the rigour of the procurement process and is part of an ongoing and serious concern for transparency.

The analysis of the added value for public funds invested is an important step that allows us to ensure that a PPP offers the best value for the community compared to conventional methods of completing the project. In fact, this is one of the five major guiding principles of the Public-private partnerships framework policy adopted by the Government of Québec on June 2004, the others being: the existence of a justified and confirmed need, focus on specific results rather than on means, affordability and optimal sharing of risks between public and private parties.

It is also important to remember that the completion of Autoroute 30 presents the basic characteristics necessary for a PPP indicated in this framework policy, i.e.: ⁽¹⁾

- improve service delivery to the population;
- involve significant financial commitments by the government;
- is technically complex and high-risk;
- have a potential for creativity and innovation likely to take advantage of the know-how of the private sector;
- reflect an existing, competitive market.

⁽¹⁾ Source : Public-private partnership framework policy adopted by the Government of Québec in June 2004.

3.1 HISTORY OF AUTOROUTE 30

The initial project for Autoroute 30 to connect the main industrial municipalities of the south shore of the St. Lawrence River between Valleyfield and Bécancour was born in the 1960s and 1970s, when Quebec started developing its highway network.

Hundreds of kilometres of Autoroute 30 were gradually brought into service from 1968 to 1996. A stretch of around 12 kilometres between Candiac and Sainte-Catherine had still not been completed, while, west of Sainte-Catherine, the highway ends in Châteauguay.

Following hearings held in 1997 under the aegis of the Bureau d'audiences publiques sur l'environnement (BAPE), the BAPE issued a favourable opinion on extending the western portion of A-30 for around 42 kilometres between Châteauguay and Vaudreuil-Dorion. Likewise, BAPE hearings held in 2002 and subsequent consultations of the MTQ also concluded that there was a need to go ahead with completing the eastern portion of the highway, south of Candiac, Delson and Saint-Constant, over a distance of around 12 kilometres.

3.2 MAIN ISSUES

REGIONAL ECONOMIC DEVELOPMENT

Industrial and commercial development normally occurs at highway junctions, as is evidenced by the fact that around one third of jobs in the Montreal metropolitan area are within two kilometres of such a highway junction. A region with a strong grid improves the chances of economic growth.

The lack of highway access is particularly evident in the western portion of the Montérégie. In spite of its proximity to markets of Montreal, Ontario and the United States, the absence of a highway connection may have contributed to limiting the expansion and renewal of businesses in this region.

This is why it is estimated that the completion of Autoroute 30 could encourage investment in the order of over \$8 billion over a 30-year period and the creation of almost 450 jobs per year in existing industrial parks located along the periphery of the highway.

TRAVEL TIME TO THE MONTREAL AREA

By improving the average speed on the road network, adding road capacity contributes to reducing travel time and the cost of using vehicles. The studies conducted conclude that the completion of Autoroute 30 will generate daily time savings of around 40,000 vehicle/hours in metropolitan Montreal. The largest gains will be realized during rush hour when the metropolitan network is used most. For instance, between Vaudreuil-Dorion and Boucherville, a driver should save on average 23 to 31 minutes during rush hour using Autoroute 30 rather than crossing the Island of Montreal on the Metropolitan highway (A-40).

3.3 OBJECTIVES OF THE COMPLETION OF AUTOROUTE 30

The completion of Autoroute 30 solves several issues and meets the needs expressed repeatedly by socio-economic players, both nationally and locally. The objectives and anticipated results cover a large spectrum, including:

- facilitate access of goods and services to external markets, by developing the Quebec and Canadian strategic transportation network;
- allow through-traffic to bypass the Island of Montreal and increase the predictability of travel time.
- create an efficient and continuous highway link for Montérégie communities;
- allowing better integration of the western portion of the Montérégie to the socio-economic environment of the Montreal region by improving access to services and industries for Montérégie's population;
- improve reliability of the highway network in the Montreal area and road safety for all users of regional municipalities crossed by the eastern, central and western portions of A-30 that are being completed;
- create an alternate link to reduce the impact of temporary hindrances to the metropolitan highway network due to construction or major incidents;
- reduce the number of accidents in surrounding municipalities and prevent the transportation of hazardous materials in urban areas.

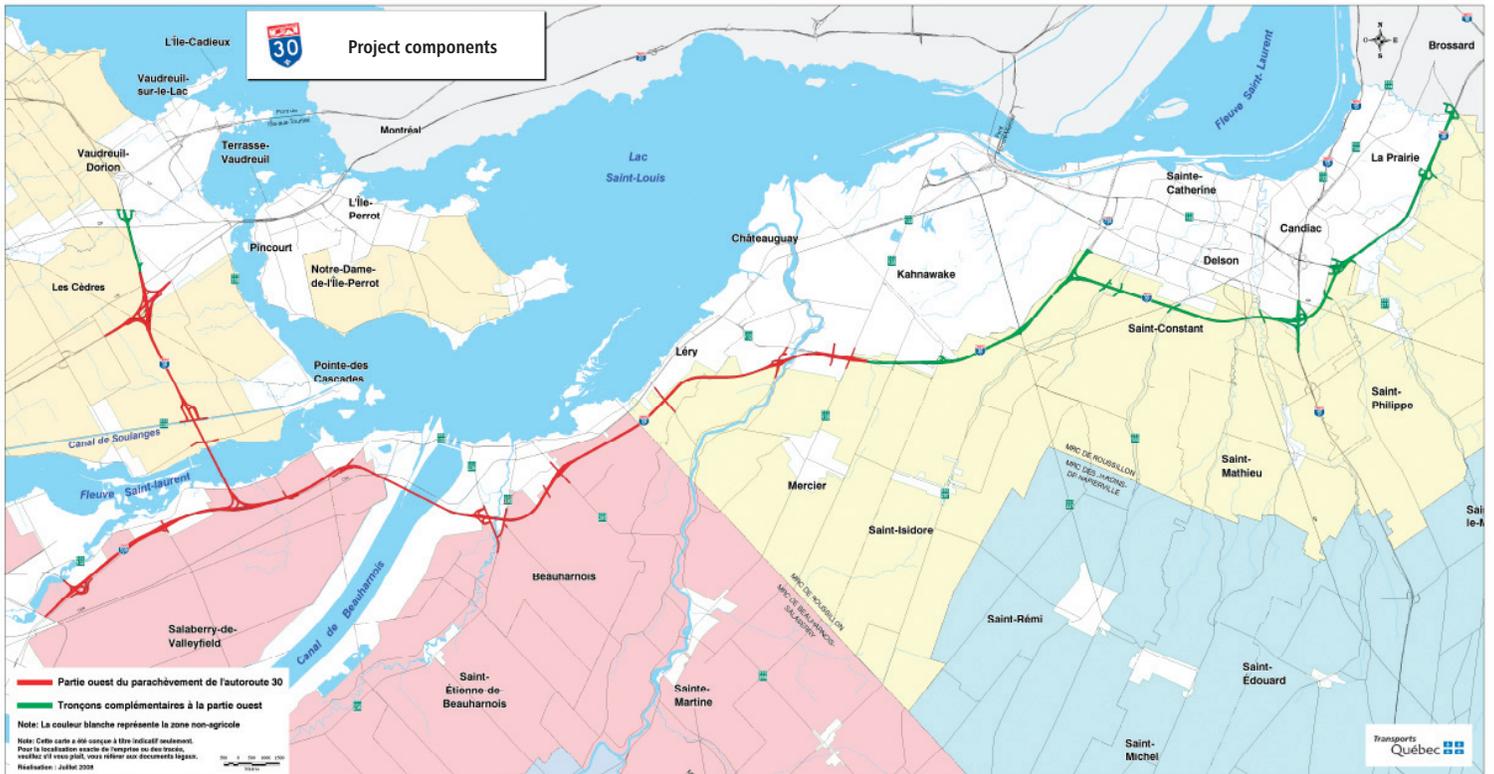
3.4 PROJECT COMPONENTS

The western portion totals approximately 42 kilometres and must be designed, built, financed, operated, maintained and rehabilitated by a private partner ⁽²⁾. This portion runs from Vaudreuil-Dorion to Châteauguay, over a distance of around 35 kilometres. A seven-kilometre section adds to these 35 kilometres, connecting to route 201 in the municipality of Salaberry-de-Valleyfield. The western portion will include a short tunnel under the Soulanges Canal, a bridge over the St. Lawrence River, and the largest bridge, that over the St. Lawrence Seaway at the Beauharnois Canal. The private partner must also implement a hybrid toll system on the bridge over the St. Lawrence River, which must offer payment by transponder, card and cash.

SUPPLEMENTAL SECTIONS TO THE WESTERN PORTION

The government is also entrusting the private partner with the financing, operation, maintenance and rehabilitation of supplemental sections over 35 kilometres. These additional stretches will provide economies of scale, because the private partner will be responsible for the long-term maintenance of a continuous section of Autoroute 30 totalling 77 kilometres between Vaudreuil-Dorion and La Prairie.

Some of these additional stretches were built over the years, in particular in Vaudreuil-Dorion, Châteauguay and La Prairie, while other stretches are in the process of being built by the MTQ, south of Candiac, Delson and Saint-Constant.



⁽²⁾ With the exception of certain activities that will be completed in conventional mode, including those with respect to route 236 and chemin de la Haute-Rivière.

3.5 MAIN STUDIES CONDUCTED AS PART OF THE COMPLETION

THE ENVIRONMENT

The environmental impact analysis for the completion of Autoroute 30 was intended to analyze factors that have an influence on ecosystems, resources and the quality of life of individuals and communities. This study was used for the BAPE hearings held in 1997.

The completion of Autoroute 30 is also subject to the process set out in the *Canadian Environmental Assessment Act* (CEAA). As a result, the MTQ performed a second impact study, commonly called a “screening report,” in 2006.

TRAFFIC AND REVENUE

Different studies and simulations were conducted on behalf of the MTQ to estimate the traffic and toll revenues that could be generated.

ECONOMIC ASSESSMENT

The purpose of the economic assessment was to estimate the impact of the completion of Autoroute 30 on the Quebec economy. This study had different components, including the draw of the highway for regional development, economic spin-offs and the value of time savings.

TECHNICAL STUDIES

Many technical studies were performed in recent years to develop a preliminary reference plan. Aside from determining rights-of-way and estimating the costs of the public sector comparator, these studies were intended to document the different aspects of the project, such as drainage related, geological, hydrological, geotechnical, traffic related and environmental.

In light of the studies performed, the MTQ concluded that completing Autoroute 30 using a PPP offered more benefits than doing so conventionally. The MTQ was authorized by the government to start the selection process for a private partner to complete the project through a PPP.

The process to select a private partner involved several steps designed to ensure strong competition among the businesses to complete the project at the lowest possible cost while respecting the MTQ's requirements. Choosing the best proposal involved three major steps: the request for qualification, the request for proposals and the finalization of the partnership agreement. All of these steps are described below and took place under the oversight of an independent fairness auditor.

4.1 REQUEST FOR QUALIFICATION

The objective of the request for qualification was to identify and select the potential private partners most likely to assume the anticipated responsibilities. The four submissions received were evaluated by a selection committee ⁽³⁾ based on their competencies and their technical and financial capacity. After the evaluation was completed, the three following respondents were invited to move on to the next step in the selection process, the request for proposals:

- Infras-Québec A-30 (Concession A30 S.E.C.);
- Nouvelle Autoroute 30 (Nouvelle Autoroute 30 S.E.N.C.);
- SNC-Lavalin (Partenariat Autoroute 30 S.E.N.C.).

The report of the fairness auditor covering the activities of this first stage in the process was made public on February 12, 2007 ⁽⁴⁾. This report testifies to an equitable and transparent request for qualification process.

SUMMARY CALENDAR FOR THE SELECTION PROCESS

Launch of the request for qualification	November 8, 2006
Submission deposit	January 17, 2007
Announcement of qualified candidates	February 16, 2007
Launch of the request for proposals	June 20, 2007
Submittal of proposals: technical portion	March 26, 2008
Submittal of proposals: financial portion	May 7, 2008
Announcement of the selected proponent	June 17, 2008
Finalization of the partnership agreement	September 25, 2008
Projected commissioning	December 2012

⁽³⁾ Refer to Appendix 2

⁽⁴⁾ Fairness auditor report no. 1,
www.mtq.qc.ca / www.ppp.gouv.qc.ca

4.2 REQUEST FOR PROPOSALS

The request for proposals was the second step in the process for selecting a private partner. The three respondents who were qualified at the previous stage were invited to submit a proposal with technical and financial portions. After the evaluation, the three proposals were judged both admissible and compliant on commercial, technical and financial aspects. Among the eligible proposals deemed compliant, the selection committee chose the proposal with the lowest cost expressed in the present value of required construction payments, capital payments and operations, maintenance and rehabilitation (OMR) payments.

The proposal submitted by Nouvelle Autoroute 30 (Nouvelle Autoroute 30 S.E.N.C.) presented the lowest cost expressed in present value.

In a continued effort to ensure government authorities, the public and respondents of equity and transparency, the request for proposals was conducted under the oversight of a fairness auditor. This auditor issued a notice indicating that the process was carried out equitably and transparently with regard to requirements in evaluating submissions and proposals. The final fairness auditor's report concerning the evaluation of proposals was published on June 6, 2008 ⁽⁵⁾.

4.3 FINALIZATION OF THE PARTNERSHIP AGREEMENT

The last step in the private partner selection process, the finalization of the partnership agreement, was essentially intended to adapt the generic partnership agreement to the specifics of the financial proposal from the selected proponent.

Before submitting their proposals, the invited respondents were given the opportunity to provide comments and suggestions for modifications to the partnership agreement. In light of the comments and suggestions received, a final version of the partnership agreement reflecting the changes accepted by the MTQ was distributed to invited respondents on which their proposals were based.

Furthermore, in conjunction with the proposals, every invited respondent submitted a letter from funders confirming their commitment to finance the project. The funders had the opportunity to examine the final version of the partnership agreement.

These opportunities to examine, comment and modify the partnership agreement eliminated negotiations after the government's approval of the selected proponent and considerably reduced the time required to sign the agreement. Thanks to this approach, the financial close was completed in just over three months.

This final step was also conducted under the oversight of the fairness auditor. The final auditor's report, made public on October 7, 2008 ⁽⁶⁾, confirms that the finalization of the partnership agreement was done respecting the established rules and that the selection process was equitable, impartial and transparent.

⁽⁵⁾ Fairness auditor report no. 2

⁽⁶⁾ Fairness auditor report no. 3,
www.mtq.qc.ca / www.ppp.gouv.qc.ca

The partnership agreement is the tangible expression of the public-private partnership project. It governs the contractual relationship between the parties, defines the rights and obligations of each party and defines the sharing of risk.

The highlights of the partnership agreement for the completion of Autoroute 30 include the following:

- the duration of the agreement is around 35 years, i.e. four years and four months for design and construction activities and 30 years for operation, maintenance and rehabilitation activities. The management of the partnership agreement is therefore made up of two distinct periods in terms of activities: the design and construction period and operation, maintenance and rehabilitation (OMR) period;
- the private partner is responsible for the design and construction of the infrastructure, the related risks and the commissioning of the infrastructure;
- the private partner, during the operation, maintenance and rehabilitation period, operates the infrastructure in accordance with the partnership agreement. Failing to comply with the requirements, set forth in the partnership agreement, for operation, maintenance and rehabilitation is likely to result in penalties for non-availability and non-performance.
- the private partner is responsible for financing activities;
- in consideration for the execution of these activities, the minister will pay the private partner a total amount, according to the terms of the agreement, which represents the sum of:
 - i) construction payments made quarterly during the construction period;
 - ii) capital payments payable to the private partner as of the date for commissioning for the 30 years of operation paid monthly during the operation period;
 - iii) monthly maintenance, operation and rehabilitation payments;
 - iv) daily remittances equal to the toll revenues that the private partner collects for the government, subject to revenue sharing beyond established thresholds;
 - v) deductions for non-availability related to the availability of the infrastructure;
 - vi) deductions for non-performance tied to the failure to comply with maintenance, operation or rehabilitation requirements;
 - vii) deductions related to end-of-term requirements, if applicable, at the end of the partnership agreement;
 - viii) and deductions related to major defects.

The public sector comparator offers the means to estimate how much it would cost to complete the project, based on the same performance as that required of a private partner, if it were completed and financed through means commonly used by the government for such projects.

The public sector comparator for this project was developed in preparing the initial business case and was updated before proposals were submitted on May 7, 2008.

The partnership agreement allows for the transfer of certain risks from the MTQ to the private sector. Nouvelle Autoroute 30 S.E.N.C.'s proposal therefore reflects the costs associated with the risks transferred to the private sector. Similarly, the public sector comparator takes into account the costs associated with the risks that the MTQ retains if it carries out the project itself.

Appendix 1 lists the responsibilities and risks that the MTQ has transferred to Nouvelle Autoroute 30 S.E.N.C. The risks retained by the government if the project were completed using conventional means were established and quantified in a risk analysis performed by the MTQ and its advisors.

The cost of the public sector comparator takes into account the following:

1. THE GOVERNMENT'S DISBURSEMENT:

- a. The costs of the project over a 35-year period

2. THE OTHER RELEVANT COSTS:

- a. Toll revenue that the government would collect based on those forecasted by its advisor regarding traffic and revenue.
- b. The quantification of risks planned to be transferred to the private partner (if the project is completed via a PPP), but that would be assumed by the MTQ if the project is completed using conventional means.
- c. The residual value of the assets.

As the table below shows, the net cost of carrying out the project using conventional means is estimated at \$2,289.8 million. This result will be used in the present value analysis in section 8. All amounts are expressed in present value as at July 1st, 2008, using a discount rate of 6.5%.

DISCOUNT RATE

The discount rate refers to the historical average of the Government of Québec's borrowing rates over the past 40 years, to which the Bank of Canada's target inflation rate has been added. For the purposes of financial evaluation, it is used as a return rate required by the Ministère des transports du Québec for the completion of Autoroute 30.

PUBLIC SECTOR COMPARATOR

PRESENT VALUE AS AT JULY 1, 2008 (IN MILLIONS OF DOLLARS)

<i>Cost of the project over 35 years</i>	1,647.5
<i>Net toll revenue</i>	(20.8)
<i>Quantification of risks</i>	
Design and construction risks	435.4
Risk of inflation during the design and construction period	239.4
Risk of inflation during the operation, maintenance and rehabilitation period	116.9
<i>Compensation of the three respondents not selected</i>	6.0
<i>Realization costs</i>	2,424.4
<i>Residual value</i>	(134.6)
<i>Net costs for the realization of the project</i>	2,289.8

RESIDUAL VALUE

At the end of the partnership agreement period, the Autoroute 30 infrastructures will not have reached the end of their useful life. Accordingly, a value (referred to as the residual value) will be assigned. This value relates among other things to the value of the land, the depreciation of infrastructures, and the condition of these depending on the maintenance carried out.

7.1 HIGHLIGHTS OF THE TECHNICAL PORTION OF THE PROPOSAL

The technical portion of the proposal explains how the private partner intends to respond to the technical requirements formulated by the MTQ. As an example, it includes requirements for the design or construction of roadways and bridges or environmental or project management requirement.

The technical portion must show that the preliminary design of the project takes into account the technical challenges to completing Autoroute 30 such as the construction of the bridge over the St. Lawrence Seaway, the bridge over the St. Lawrence River and a tunnel under the Soulanges Canal.

The bridge that crosses the Beauharnois canal is 2.5 kilometres long and requires vertical clearance of 38.5 metres above the St-Lawrence Seaway for the circulation of ships.



BRIDGE OVER THE ST. LAWRENCE RIVER



BRIDGE OVER THE ST. LAWRENCE SEAWAY AT BEAUHARNOIS

The bridge that crosses the St. Lawrence River over a distance of almost two kilometres between Les Cèdres to the north and Salaberry-de-Valleyfield to the south will be designed with a harmonious set of piles that will rise progressively under a standard highway structure.

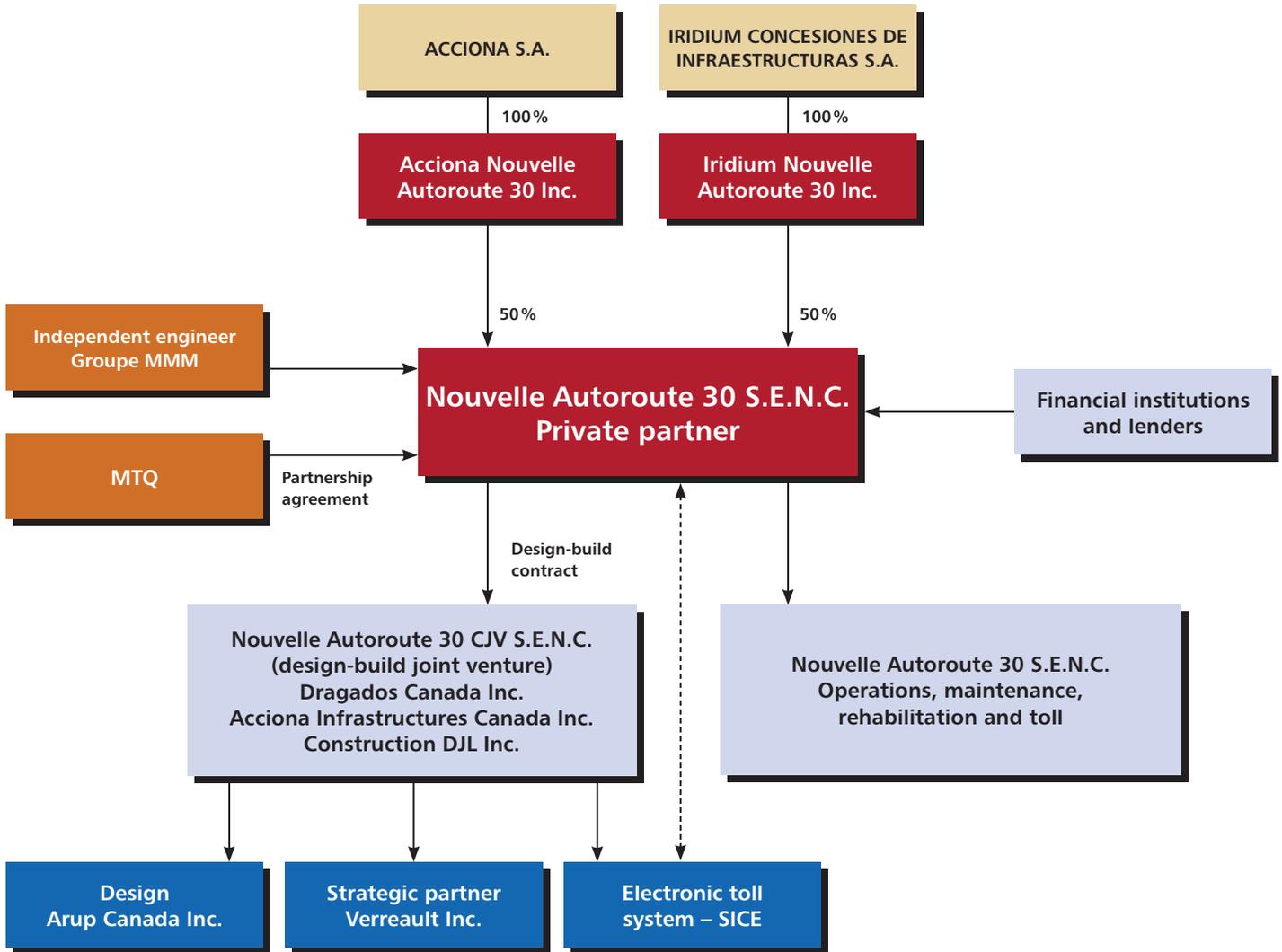
At this location, Autoroute 30 passes under route 338 and the Soulanges Canal, which involves certain technical challenges in terms of excavation work and the watertightness of the structure.



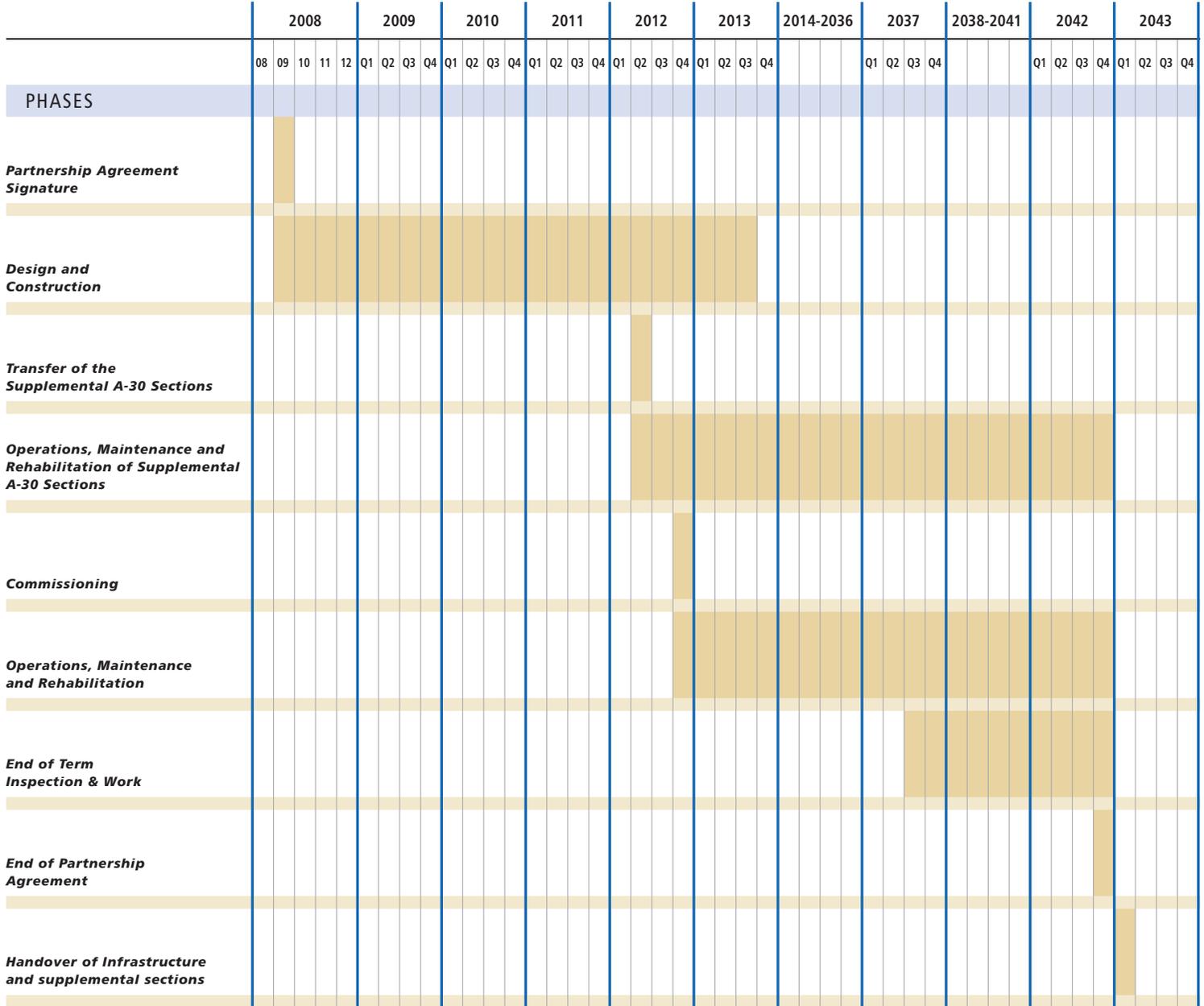
SHORT TUNNEL UNDER THE SOULANGES CANAL

7.2 COMMERCIAL STRUCTURE OF THE PRIVATE PARTNER

Nouvelle Autoroute 30 S.E.N.C. has developed the following commercial structure for the project:



7.3 PROJECT CALENDAR



7.4

COST OF THE PRIVATE PARTNER'S PROPOSAL

TOTAL COST TO THE GOVERNMENT
OF THE PRIVATE PARTNER'S PROPOSAL

PRESENT VALUE AS AT JULY 1, 2008 (IN MILLIONS OF DOLLARS)

<i>Payments to private partner</i>	1,523.0
<i>Quantification of risks retained by the MTQ</i>	
Risks related to the fluctuation of the CPI relative to payments other than construction payments	133.7
MTQ's costs for monitoring the Partnership Agreement	24.8
Compensation of the two respondents not selected	4.0
<i>Realization costs</i>	1,685.5
<i>Residual value</i>	(146.7)
<i>Net costs for the realization of the project via a PPP</i>	1,538.8

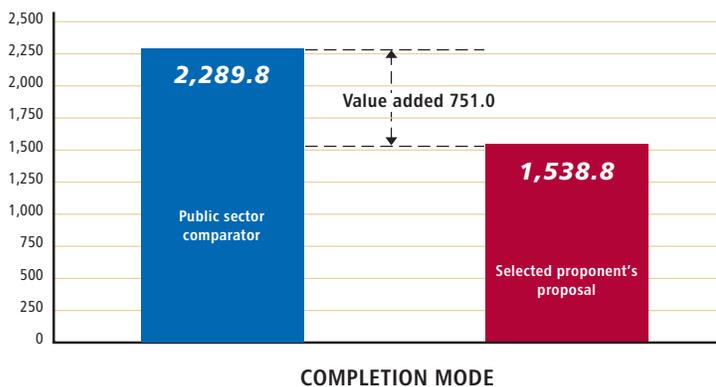
The purpose of analyzing the value added for public funds invested is to compare the proposal submitted by Nouvelle Autoroute 30 S.E.N.C. to the public comparator to quantify the advantages of carrying out the project as a PPP rather than through conventional means. While the comparison between the two methods for completing the project is presented quantitatively, the qualitative aspects must also be considered.

QUANTITATIVE COMPARISON

The selection process was developed to take into account the importance of the cost to the government of completing the project. It reflects the desire to choose the least expensive proposal that complies with the technical and commercial requirements.

The following figure presents the costs to the government for the project according to the two scenarios for completing it: conventional and PPP.

VALUE ADDED FOR PUBLIC FUNDS INVESTED



NET COMPLETION COSTS
(Present value as of July 1st, 2008)

8.1 QUALITATIVE COMPARISON

In addition to representing a surplus monetary value of \$751 million, carrying out the project via a PPP makes it possible to commission the A-30 two years earlier (2012 instead of 2014). Consequently, network users will benefit from the time savings generated by the completion of A-30 two years earlier. This time savings translates to savings of \$214 million ⁽⁷⁾ in present value as at July 1st, 2008.

Aside from faster commissioning, completing A-30 via a PPP offers the following qualitative benefits:

- The financing of the completion of the A-30 by Nouvelle Autoroute 30, S.E.N.C. results in the participation of international-calibre funders who will closely monitor the progress of the design and construction work to complete the highway and the operation of the A-30 to protect their investment.
- In the analysis of the public sector comparator, the construction calendar chosen by the government's technical advisors forecast that the A-30 could be completed in around six years. Experience shows that the completion timeframe could be longer than anticipated, according to the budget allocated annually.
- Under a PPP, the government is ensured that operation, maintenance and rehabilitation budgets will be available for the duration of the project.

⁽⁷⁾ On the basis of travel time savings computed through MOTREM-98 – February 9, 2006 economic evaluation report.

Completion via a PPP according to the selected proponent's proposal offers considerable advantages over using conventional methods, both quantitatively and qualitatively. The main benefits are as follows:

- a lower cost of \$751 million in present value as at July 1st, 2008 for all the design, construction, financing, maintenance, operation and rehabilitation activities for the duration of the partnership agreement, which is around 35 years;
- faster completion and commissioning by two years, resulting in greater economic spin-offs and better service to users;
- risk sharing, particularly in terms of: transfer to the private partner of the risk of construction cost overruns and late delivery and of the operation, maintenance and rehabilitation for the entire partnership agreement;
- implementation of a quality infrastructure that benefits from the private partner's capacity for innovation.



TABLE OF THE PRINCIPAL RISKS AND RESPONSIBILITIES

	RISKS AND RESPONSIBILITIES ATTRIBUTED TO THE	
	PRIVATE PARTNER	MTQ
OBTAINING ENVIRONMENTAL PERMITS AND AUTHORIZATIONS		
Certificate of authorization (CAR) – western portion and certificate of authorization – supplemental sections of A-30		●
Certificate of authorization – construction (CAC)	●	
Federal permits and authorizations	●	
Authorizations under the <i>Land Use Planning and Development Act</i>	●	●
Authorizations from the Commission de protection du territoire agricole du Québec (CPTAQ) limited to the expropriation		●
Road network authorizations and permissions and other permits	●	
DESIGN AND CONSTRUCTION OF WORK THAT IS THE RESPONSIBILITY OF THE PRIVATE PARTNER		
Cost overruns	●	
Delays	●	
Moving of public utilities	●	
Choice of toll technology	●	
Supervision of the construction site pursuant to the <i>Occupational Health and Safety Act</i>	●	
Contaminated soil – not documented and existing before the signature of the partnership agreement		●
Contaminated soil – documented in addition to that resulting from construction and design, construction and rehabilitation of work under the responsibility of the private partner	●	
Geotechnical risks	●	
Acquisition, access and use of the right-of-way		●
Acquisition outside of the right-of-way for the purposes of construction	●	
Expropriation		●
Financial risk and expropriation timeframes outside of the right-of-way	●	
Obtaining complementary or temporary easements	●	●
FINANCING AND CONDITIONS OF FINANCING		
Risk of inflation during the construction period	●	
Risk of inflation beyond the CPI, during the design, construction and rehabilitation period	●	
Risk of variation of reference interest rate over the period beginning five business days before the date of submitting the financial portion and ending the day of financial close		●
Risk of interest rate fluctuations as of the date of the financial close	●	
Sharing the refinancing earnings	●	●
Sharing earnings related to modifications approved by the government	●	●
DESIGN, CONSTRUCTION, OPERATION, MAINTENANCE AND REHABILITATION WORK THAT IS THE RESPONSIBILITY OF THE PRIVATE PARTNER		
Sharing earnings related to modifications approved by the government	●	●
Design, construction, operation, maintenance and rehabilitation requirements of the infrastructure and of the toll system, under the responsibility of the private partner, including those requirements imposed by the certificate of authorization – western section, and by the certificate of authorization – supplemental sections, together with those imposed by the certificate of authorization – construction and the screening report	●	
State of infrastructure when it is handed over to the government at the end of the partnership agreement	●	
TOLL		
Establishment of a toll	●	
Collection of tolls and related charges	●	
Revenue risk of tolls	●	
Toll revenue sharing beyond a defined threshold	●	●

STRUCTURE OF THE SELECTION COMMITTEE

