TransLink Smart Card and Faregate Project:
Preferred Proponent Backgrounder

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Following the completion of the request for proposals (RFP) stage, Cubic Transportation Systems with IBM Canada has been named as the preferred proponent to design, build and operate TransLink's planned electronic smart card and faregate system.

About Cubic Transportation Systems and IBM Canada Limited

Cubic Transportation Systems, a subsidiary of Cubic Corporation, is a global company that supplies technology, hardware infrastructure, asset management, patron, business and systems support and account/project management.

Cubic has demonstrated experience in successful delivery and service of large AFC (automatic fare collection) systems worldwide, including:

- London Prestige Project Oyster® Card System
- Metropolitan Atlanta Breeze® Card System
- Los Angeles Metro TAP™ Card System
- San Francisco Bay Area Clipper^{SM} Card System
- Miami Dade County EASY® Card System
- Brisbane, Australia *go* Card System

IBM has worked with transportation providers worldwide across all modes of transportation and plays an increasingly important role in providing customers with transportation services and solutions. IBM has been recognized by its customers and industry analysts across North America as being a leader in the Customer Relationship Management (CRM)/Call Center services and solution marketplace. They have supplied systems and services in British Columbia since 1921.

Evaluation/Selection Process

Cubic/IBM were among 10 that responded to TransLink's 'Request for Qualifications,' a process that identified suppliers with the technology and the track record to provide the systems and services needed. Three consortia were shortlisted to submit proposals to supply a Smart Card and Faregate system for TransLink and were asked to develop formal detailed proposals based on TransLink's specific requirements.

The proposals received were evaluated against qualification, technical and financial criteria to identify the most technically and cost-effective system for TransLink. As a result of the evaluation, Cubic Transportation Systems with IBM Canada was identified as the preferred proponent. An independent

fairness advisory evaluated the entire process. A contract that will include operations and maintenance of the system for 10 years has been awarded to Cubic/IBM. Following final contract discussions in the New Year, system design work will begin in 2011.

Electronic Smart Card and Faregates

TransLink's new system will be modeled after electronic fare payment systems in use around the world. Transit customers use a card with an electronic chip that they 'load' with either a pass product or funds to pay for their transit trips. The fare charged to their card can be based on the distance they travel, the time of day, the specific route or other factors, depending on the fare structure. The new system will also accept contactless bank-issued cards for tourists, casual riders and others and will allow TransLink to collect important trip and ridership data to enable more coordinated system planning and deployment.

The fare cards will give TransLink more flexibility to structure the transit fare system to achieve a number of goals including increases in efficiency and ridership, although TransLink will retain its current fare structure until it has gathered the necessary data to inform such a decision. In addition, the new system will generate a significant amount of valuable data on how transit services are being used – information that TransLink will use to refine routes and schedules or even to help determine the size of the buses needed at various places and times.

The introduction of an electronic fare payment system accompanies the installation of faregates in SkyTrain and SeaBus stations. The two systems complement each other and will allow TransLink to increase efficiency of operations, while at the same time making it easier, simpler and more convenient for customers to access transit and pay their fares. In addition, the faregates provide for enhanced safety and security on the rapid transit system. However, because most of the original Expo Line SkyTrain stations were never designed with faregates in mind, the overall project includes a separate initiative to undertake station modifications that will begin in spring 2011.