

407 ETR Disputes Alleged Default Notice

TORONTO, October 27, 2004 – 407 ETR today announced that the Ontario Government has issued to 407 ETR a notice of default regarding the appointment of Deloitte & Touche LLP as independent auditors of the plate denial process.

The issue between the parties revolves around the appointment of independent auditors to review the plate denial process. In April 2001, 407 ETR and the Government agreed to appoint Deloitte & Touche to certify that the company's plate denial processes are in accordance with the law. At that time, the Government was aware that Deloitte & Touche also served as the company's financial auditors and indicated that it was satisfied that Deloitte & Touche was sufficiently independent. The Government now wishes to withdraw its approval of the appointment of Deloitte & Touche and approve another independent auditor.

"The Government has issued a letter alleging 407 ETR to be in default on a matter that is currently under dispute. The courts have already ruled that there is no default until a final decision of the dispute resolution process is made as to whether a default has occurred," said Enrique Diaz-Rato, President and Chief Executive Officer of 407 ETR. "Under these circumstances, we find the Government's actions to be inappropriate and we are disappointed."

The Government filed a default notice today even though 407 ETR has initiated a dispute on the issue and despite the fact that Justice Nordheimer of the Ontario Superior Court ruled on February 9, 2004, that "whether a default has occurred [is] a matter to be arbitrated" and that the cure period "does not commence until the time when a default by [407 ETR] is determined to have occurred."

407 International Inc. is the sole shareholder, operator and manager of 407 ETR, which extends 108 kilometres east-west, just north of Toronto. 407 International Inc. is owned by a consortium comprised of Cintra Concesiones de Infraestructuras de Transporte, Macquarie Infrastructure Group and SNC-Lavalin.

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