

Judge Upholds Arbitrator's Ruling – 407 ETR Toll Increase is in Compliance with Contract

TORONTO, January 6, 2005 – 407 ETR announced today that a Justice of the Superior Court of Ontario has upheld an independent arbitrator's decision that the company is not required to submit a Change Request, nor obtain any other Government approval, in order to change tolls or fees. As a consequence of the ruling, the 2004 toll increase complied with the contract and, therefore, the company is not in default.

At the conclusion of his ruling, Justice Maurice Cullity of the Ontario Superior Court of Justice stated, "In view of the above findings, the [government's] appeal is dismissed."

In January 2004, the Province alleged that the company did not have the right to increase tolls without first obtaining the government's approval. Specifically, the Government claimed that the company had to file a Change Request in order to increase tolls and was in default for not doing so earlier this year.

407 ETR disagreed with the government's position, indicating that the contract signed between the company and the Government in 1999 did not contain any approval requirements. The dispute went to arbitration in mid-June after negotiations failed to reach an agreement.

The arbitrator's decision addressed the following questions:

1. Is any form of approval required in order to change tolls or fees?
2. Is providing notice the only requirement to changing tolls or fees?
3. Did the 2004 toll increase comply with the contract?
4. Was 407 ETR in default as a result of the 2004 toll increase?

On July 10, an arbitrator ruled on these questions, agreeing with the company's interpretation of the contract. However, the Province appealed the ruling, leading to today's decision.

"Both an independent arbitrator and now the Ontario Court of Justice have completely confirmed our legal right to set tolls," said Enrique Díaz-Rato, President and Chief Executive Officer of 407 ETR. "We were always very confident that these disputes had no legal merit and that we were acting fully within the contract."

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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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