

Judge Rules That Arbitrator Must Hear Dispute

TORONTO, November 4, 2004 – 407 ETR announced today that a judge has ordered a dispute with the Ontario Government regarding traffic audits to be heard by an arbitrator, rather than a court.

Under the contract with the Government, 407 ETR is required to provide annual audited traffic reports. The Government had disputed the company's annual audited traffic reports for 2001 and 2002. In 2003, the Company and the Government entered into a Mediation Settlement Agreement (MSA) to bring a resolution to the issue. As part of the MSA, the traffic reports were audited by a second independent audit firm. Both the original and the second audits did not identify any material issues. However, the Government does not accept that the dispute was resolved.

407 ETR filed an application seeking to have a judge rule that the MSA was final and binding, thereby resolving the issue on these traffic reports. The Government, however, sought to send the entire issue back to an arbitrator.

Today, Justice Maurice Cullity of the Ontario Superior Court of Justice ruled that the MSA was not a final and binding resolution of the dispute and that the matter should be sent to arbitration. However, Justice Cullity has not decided whether the traffic reports submitted by 407 ETR comply with the contract. This issue will be resolved through the arbitration.

"We are confident in our legal case regarding the traffic audits and we had hoped to have a judge hear the case as soon as possible and declare that the MSA resolved the dispute," said Enrique Díaz-Rato, President and Chief Executive Officer of 407 ETR. "Nevertheless, we look forward to presenting our case at the arbitration."

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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