

## **Arbitrators Rule in Favour of 407 ETR: 2002 is Base Year**

**TORONTO, August 16, 2005** – 407 ETR today announced that an independent panel of arbitrators has ruled that the conditions required to establish 2002 as the Base Year were achieved.

Base Year is defined in the contract between the Province and 407 ETR. The achievement of Base Year permits 407 ETR to raise tolls above the toll threshold without incurring congestion payments to the Province, as long as traffic thresholds are met. 407 ETR designated Base Year in 2002 and has operated accordingly since that time. Two years later, on February 2, 2004, the Province alleged for the first time that 407 ETR had not achieved the conditions required to establish 2002 as the Base Year, leading to the arbitration.

The Province's position related to the commissioning of a single off-ramp at Mavis road, one of 197 entries and exits on Highway 407.

In the majority decision, James Redmond Q.C., a senior Alberta lawyer, and the Hon. George D. Finlayson Q.C., a retired Justice of the Ontario Court of Appeal, ruled that Base Year was achieved in 2002 based on a review of the contract and facts of the case. Furthermore, the arbitrators ruled that the Province, by its conduct, had accepted 2002 as Base Year.

"We have demonstrated our compliance with the contract in another dispute initiated by the Province," said Enrique Díaz-Rato, President and Chief Executive Officer of 407 ETR. "We are very pleased with the decision, although we would have preferred to settle the existing disputes with the Province amicably, rather than through litigation."

407 International Inc. is the sole shareholder of 407 ETR, the operator and manager of Highway 407, 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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For more information, contact:

Dale Albers  
Manager, Public Relations  
Tel: 905-264-5221

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