

407 ETR Rate Increase Will Improve Service Both Off And On The Highway

TORONTO, January 6, 2005 — 407 ETR announced today that light-vehicle tolls during peak hours will increase on February 7, 2005, by one cent per kilometre so customers can continue to experience faster trips and the company can invest in more lane expansions and enhanced customer service.

“Highway usage is exceeding expectations,” said Enrique Díaz-Rato, President and Chief Executive Officer of 407 ETR. “But our customers want to avoid stop-and-go traffic and these changes will ensure 407 ETR keeps our customers moving.”

Effective February 7, 2005, the peak rate for light vehicles (cars, motorcycles and SUVs) will be 14.95 cents per kilometre. 407 ETR will continue to offer lower, discounted rates to save customers’ money when the road is used during “off-peak,” non-rush hour periods. The off-peak rate for light vehicles will be 14.10 cents per kilometre.

“407 ETR is good value for money,” said Dale Albers, 407 ETR spokesperson. “Even after this rate change, 407 ETR tolls are less expensive than many similar roads in North America.” For example, Albers said that California’s State Route 91 costs up to 50 cents (Cdn \$) per kilometre to drive.

“Traffic increased over eight per cent in 2004,” said Albers. “But if we are to maintain good traffic flow, improve the highway and service our \$4 billion debt, the rate must be increased.”

407 ETR has invested \$4 billion in less than five years, including \$3.1 billion paid to the Government at the time of the purchase in 1999. In 2004, nearly half of all cash from customers – 46 per cent – was used to service the debt incurred by the original purchase of the highway from the Province and, since then, to extend, expand and enhance the highway. A further 12 per cent was used to serve customers. As a result of these expenses, 407 ETR recorded a \$75 million loss in 2003, despite strong traffic levels.

In addition to debt service costs and customer service, 407 ETR invests toll revenues back into the highway to improve customer satisfaction. For example, 407 ETR invested over \$30 million to build 22 new kilometres of lanes between Highway 401 and Hurontario Street, which opened just months ago. That was the second major lane expansion on 407 ETR. In 2003, 407 ETR completed a \$6 million project to construct additional lanes at Pine Valley, improving traffic flow in that area by 30 per cent. While 407 ETR is obliged by the contract with the Province to widen the Highway based on traffic volumes, these lane expansion projects were finished before they were required.

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“For the typical user, this rate increase represents 20 cents a trip – less than the cost of a local phone call,” said Albers. “Peak rates for our customers have increased by less than 5 cents per kilometre over the past seven years.

The rates for heavy single unit vehicles (trucks) and heavy multiple unit vehicles (18-wheel trucks) are 29.90 cents per kilometre and 44.85 cents per kilometre, respectively. Off-peak rates for heavy single and heavy multiple vehicles are 28.20 cents per kilometre and 42.30 cents per kilometre, respectively.

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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News releases are available at www.407etr.com.