

Appendix 1 – Copy of the Wall St Journal AECOM Article

<http://www.wsj.com/articles/aecom-unit-pays-us-201-million-to-settle-australia-toll-road-lawsuit-1442826365>

By

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SYDNEY -- The Australian unit of Los Angeles-based engineering design firm [AECOM](#) Technology Corp. has settled a major lawsuit over forecasts it made for a toll road in Australia, paying 280 million Australian dollars (US\$201 million) to creditors, documents recently filed with Australia's corporate regulator show.

The landmark settlement ends a [costly saga for the firm](#), which received only a few million dollars in fees for its forecasting work almost a decade ago but was held accountable when the project went bankrupt.

The toll road and other projects that went bankrupt along Australia's Eastern Seaboard, including Brisbane's Airport Link in Queensland state, have tarnished a once-popular model for [infrastructure funding](#) in the country, at a time when Australia desperately needs to upgrade its transport network.

An AECOM spokesman said the firm had decided to "no longer provide traffic and revenue forecasting for toll road operators or owners in Australia" after being wrapped up in the costly litigation, although it remained committed to expanding its Australian business, primarily engineering and design consultation for the mining and construction sectors.

A spokesman for Australia's infrastructure department said while the settlement wouldn't impact the country's ability to attract investment and expertise to new transport infrastructure projects, the government had also learned its lessons from the toll road collapse.

"The traffic forecasting estimates that were the subject of this matter were provided approximately 10 years ago," the spokesman said. "Since this time, governments in Australia have been working with the private sector to improve practices to ensure more robust methodologies for forecasting are applied."

AECOM's Australian subsidiary has been battling the claim against it for a number of years, as it sought to avoid paying the A\$1.68 billion which lenders to the RiverCity toll road project felt they were owed after they relied on its forecasts. The toll road cost A\$2.2 billion to build but was sold for only A\$618 million in 2013, after it attracted only a fraction of the traffic AECOM had forecast.

AECOM's settlement is one of the largest related to misleading and deceptive conduct in Australian corporate history, and paves the way for further litigation against another offshore engineering firm Arup Group Ltd., which offered similar forecasting services to an even larger failed toll road project nearby, the Airport Link toll way in Queensland state.

The receivers for that project have mounted a litigation against London-based Arup, and shareholders have launched a class action, as they seek to recoup some of the A\$4.8 billion spent to build the tunnel. Airport Link is for sale with final bids for the asset due later this year.

An Arup spokesman said Monday that the firm had issued cross-claims against the toll road company BrisConnections and others behind the project. Cross-claims can limit individual liability by spreading the cost of a potential settlement over a number of parties, and was a strategy employed unsuccessfully by AECOM to avoid carrying the burden for investor losses.

"We are confident about our position and the matter is now before the Courts," Arup's spokesman said.

[Australia](#) desperately needs to build new roads and rail lines to replace and expand its ailing transport links, with the nation's policy body Infrastructure Australia predicting a 45% population increase in major urban centers over the next two decades. Transport congestion in major cities will cost the economy A\$53.3 billion a year in lost production without urgent upgrades, they forecast.