



Toll Holdings Limited

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TOLL'S STRATEGIC RESTRUCTURE TO DELIVER FASTER GROWTH AND GREATER SHAREHOLDER VALUE

13 December 2006

Toll Holdings (Toll) announces an exciting restructure initiative which involves the separation of its transport infrastructure assets from its network and supply chain business.

The strategic restructure creates two, significant market leading, ASX listed companies -- Toll Holdings and Infrastructure Co -- aimed at maximising shareholder value and positioning both companies for enhanced future growth in a global market.

Toll Managing Director Mr Paul Little said the restructure was a unique opportunity to allocate the assets and resources of the company to the maximum advantage of shareholders, employees and customers.

"The restructure should be seen as the next generation of growth for both companies by allowing each business to expand faster into global markets, through strategic acquisitions and rapid organic growth.

"It will also offer investors a clear choice of investment, designed to maximise growth potential with an overall lower cost of capital and improved flexibility," Mr Little said.

Each company will have its own, experienced management team with the capability and operational and financial resources to pursue growth options both in Australia and offshore. Both businesses will be operated separately, with independent Boards of Directors.

The restructure would see Mr Paul Little retain his position as Managing Director of Toll Holdings while Toll's current Executive Director, Mr Mark Rowsthorn would become the CEO of Infrastructure Co.

Toll has briefed the ACCC on the proposed restructure.

Toll has sought a waiver of the requirement of Toll to sell 50% of Pacific National. Toll has also sought a waiver of its obligations to make available the Starters Kit of rail assets, to divest the Toll vehicle transport business and its interest in the PrixCar business concerning pre-delivery vehicle inspection services and to implement the rail and port non-discriminatory regimes .

The ACCC has advised that it would need to conduct market enquiries in relation to these matters. In particular, if its market enquiries do not raise issues of concern in relation to the Pacific National divestiture waiver, it would look favourably on that waiver.

The ACCC has stated its preference for structural solutions to address competition concerns, but believes that, in accordance with its normal practice, market enquiries need to be made before it forms a view in this matter.

The restructure would offer several key strategic benefits for Toll shareholders:

- Toll Holdings will continue the consistent strategy of providing integrated logistics solutions using appropriate infrastructure within the Asia Pacific region to underpin its highly successful model. Toll Holdings will comprise the current Australian, New Zealand, and Asian logistics businesses of Toll, including the logistics businesses



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acquired with the takeover of Patrick Corporation Ltd as well as Toll's 62.3% stake in Virgin Blue Australia.

- The restructure will see Infrastructure Co control two world class transport infrastructure assets, 100% of Pacific National and Patrick ports. The business will focus on investment opportunities in ports, rail, airports, toll roads and similar assets in Australia and offshore, lead by an experienced management team with no expensive management or performance fees born by shareholders.

The proposal for the restructure will be put to shareholders for approval via Schemes of Arrangement during the first half of 2007.

The restructure will result in Toll shareholders:

- retaining their existing shareholding in Toll Holdings; and
- receiving, for each share held in Toll Holdings, a stapled security consisting of one new share and one new unit in Infrastructure Co. This stapled-security structure will enhance the ability of the Infrastructure Group to maximise cash returns to shareholders.

Mr Little said the new structure will allow Toll Holdings to access key intermodal infrastructure without needing to own it.

"It is a slight shift in strategy for the Australian business, but one which will enable us to pursue rapid growth in our network and supply chain businesses in Australia and overseas," Mr Little said.

Toll Group Executive Director Mr Mark Rowsthorn added that the structure of the high quality transport infrastructure business is unmatched in the marketplace, while still offering significant scale and growth potential.

"Under the proposal our Infrastructure Co shareholders will retain 100% of Pacific National and be freed from the regulatory constraints currently in place, as a result of our acquisition of Patrick," Mr Rowsthorn said.

"The restructure makes sense for all stakeholders- our shareholders, customers, and employees, and is also good for competition as the infrastructure assets will be more focussed on increased investment and providing high service levels to all market participants" Mr Rowsthorn said.

Toll is being advised on the strategic restructure by UBS and Clayton Utz.

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