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The Manager
Australian Stock Exchange
Company Announcement Office
Level 4
20 Bridge Street
Sydney NSW 2000

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Dear Sir

MEDIA RELEASE – RESPONSE TO ACCC STATEMENT OF ISSUES

Please find attached for immediate release to the market, a Media Release with regard to the above mentioned subject.

Yours faithfully
TOLL HOLDINGS LIMITED


Bernard McInerney
Company Secretary

Encl.

MEDIA RELEASE

Response to ACCC Statement of Issues

Following its initial market inquiry process the Australian Competition and Consumer Commission ("**Commission**") has released a Statement of Issues which provides the opportunity for Toll and other interested parties to provide comment on the issues raised by the Commission. The Statement of Issues does not represent a decision of the Commission to oppose a merger. It indicates that further investigations are to be carried out.

The issues which are raised in the Statement of Issues are areas which Toll has been discussing with the Commission and there is nothing in the Statement of Issues which is unexpected.

The specific areas which the Commission has raised as issues of concern are:

- (a) the interaction between freight forwarding and rail linehaul on the east-west corridor;
- (b) concentration in Bass Strait Shipping both in terms of its impact on Bass Strait Shipping and related effects for Tasmanian freight forwarding;
- (c) concentration in certain aspects of land vehicle logistics including pre-delivery and inspection services.

These are areas where Toll believes it has further analysis and material which it can provide to the Commission which will address those issues.

The Commission has sought further information on the relationship between wharf cartage services and the broader landside logistics supply chain for international container freight. Market inquiries to date have not lead the Commission to form a view that there is a competition problem in this area and this is consistent with the position which Toll has maintained throughout. Toll has no significant interest in wharf cartage services and the structure of the contracting and operational relationships means that there is no ability or incentive to engage in foreclosure strategies.

Given the arbitrator's decision on 8 November 2005 there is no prospect of a break-up of Pacific National in the short to medium term.

There is already a process in place for further information to be provided to the Commission and for further dialogue with the Commission. Toll looks forward to working closely with the ACCC to constructively address these concerns and remains confident that all these concerns may be satisfactorily addressed and the benefits of the merger, in line with Toll's Bidder's Statement, can be realised whilst at the same time meeting the concerns of those who have raised questions.

Toll respects the Commission's process and does not propose to comment further publicly on specific aspects of the Commission's Statement of Issues.

Freight Forwarding and rail linehaul

This transaction is quite different from the Patrick/FCL proposal because it does not involve any aggregation of freight forwarding volumes.

The transaction does not effect any structural change to either rail linehaul or freight forwarding services.

Real opportunities exist for other freight forwarders to use carriers other than PN, either by the expansion of existing operators or by entry from operators who currently focus their activities on other corridors such as QR and ARG. The history of SCT's operations and the rail operations of TNT/Toll demonstrates that entry is viable and barriers are not as high as they may appear.

Any discrimination by a Toll-controlled PN against other freight forwarders would be commercially risky, involving large potential downside with relatively small and uncertain upside.

Bass Strait Shipping

There is a history of robust competition on the route and vigorous competitors would remain and would face strong incentives and the ability to maintain that robust competition.

There is a high level of excess capacity so that customers could readily switch to other operators who could satisfy that demand.

The major customers are powerful. They have substantial transport contracts on the mainland. They regularly tender contracts and competition for those contracts is fierce.

Autologistics

There will be strong and vigorous competitors post-merger such as TNT, PrixCar, Exel and K&S and there is an increasing presence of 4PLs, such as Exel, in this space.

Release ends.

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