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The Manager
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Dear Sir

**TOLL RESTRUCTURE – FACT SHEET : 'GENERAL GUIDE ON THE TAXATION IMPLICATIONS
FOR INDIVIDUAL TOLL SHAREHOLDERS AS A RESULT OF THE RESTRUCTURE'**

Please find attached a fact sheet in relation to the Toll Restructure for immediate release
to the market.

Yours faithfully
TOLL HOLDINGS LIMITED


Bernard McInerney
Company Secretary

Encl.



29 June 2007

Fact Sheet : General guide on the taxation implications for individual Toll Shareholders as a result of the Restructure

IMPORTANT NOTE

This fact sheet outlines the general taxation implications that will arise for individual Toll shareholders as a result of the Restructure.

Toll has obtained a favourable Private Binding Ruling with respect to the taxation implications for Toll arising from the Restructure. Toll believes that the information provided below is correct notwithstanding that a Class Ruling has not yet been issued by the ATO. Should any circumstances change, Toll will advise the ASX and shareholders immediately.

We do expect that once the Class Ruling has been issued by the ATO, a formal fact sheet and calculator guide will be published. This is consistent with our large corporate restructures.

All references in this Fact Sheet are consistent with the Restructure Scheme Book that was sent to all Toll shareholders.

Impact on resident individual shareholders

These questions and answers apply to you if:

- you are an individual taxpayer who is an Australian resident for tax purposes;
- you were eligible to participate in the Restructure of Toll, and you subscribed for units in Asciano Finance Trust and received new shares in Asciano Limited under the demerger;
- you did not acquire your Toll shares under an employee share scheme; and
- any gain or loss you made on the shares is a capital gain or capital loss – that is, you held your Toll shares as an investment asset rather than:
 - as trading stock
 - as part of carrying on a business; or
 - to make a short-term or one-off commercial gain.

Background

The Restructure was undertaken by way of two Schemes of Arrangement ("Schemes") involving two separate and distinct Capital Reductions and the payment of Special Dividends.

The first Scheme included the payment of a fully franked dividend of \$0.17 ("First Special Dividend") and a return of capital of \$0.45 ("First Capital Reduction Amount"), which was compulsorily applied to subscribe for a unit in Asciano Finance Trust ("**Asciano unit**").

The second Scheme included the payment of a demerger dividend of \$1.40 ("Second Special Dividend") and a return of capital of \$3.75 ("Second Capital Reduction Amount"), which was satisfied by the issue of a share in Asciano Limited ("**Asciano share**").



Following the Restructure, each Asciano unit was 'stapled' to each Asciano share, together referred to as a 'Stapled Security', and listed together on the ASX as Asciano.

FIRST CAPITAL REDUCTION

1. What do I have to do if I was a Toll Shareholder when I received the First Capital Reduction Amount?

The First Capital Reduction Amount resulted in a capital gains tax ("CGT") event happening to each of your Toll shares.

You must subtract \$0.45 from the unindexed CGT cost base of each of your Toll shares \$0.45, being a reduction equal to the First Capital Reduction Amount.

You will realise a capital gain in respect of the First Capital Reduction Amount to the extent that your original unindexed CGT cost base of each Toll share is less than \$0.45. In these circumstances, the CGT cost base of each Toll Share will be reduced to nil and the balance of the capital return will be a capital gain. This capital gain may be eligible for discount CGT treatment.

Example 1 - Cost base in Toll share greater than first capital reduction

You own 2,000 Toll shares. Your CGT cost base per Toll share is \$10.45, meaning that your cost base for all of your shares is \$20,900.

As a result of the First Capital Reduction Amount, your CGT cost base per Toll share is reduced by \$0.45 from \$10.45 to \$10.00, meaning that your total cost base of all of your shares is \$20,000.

Example 2 – Cost base in Toll share less than first capital reduction

You own 1,000 Toll shares. Your cost base per Toll share is \$0.40, meaning that your cost base for all of your shares is \$4,000.

As a result of the First Capital Reduction Amount, your cost base in your Toll shares will be reduced to nil and you make a capital gain of \$0.05 per Toll share. Your total capital gain is \$500. Where you have held your Toll shares for more than 12 months, this gain is eligible for the CGT discount.

You cannot realise a capital loss as a result of the First Capital Reduction Amount.

FIRST SPECIAL DIVIDEND

2. What do I have to do if I was a Toll Shareholder when I received the First Special Dividend?

The First Special Dividend is a fully franked dividend and does not affect the CGT cost base of your Toll shares.

You must include the First Special Dividend of \$0.17 per share in the calculation of your assessable income in your 2006-2007 income tax return. This amount forms part of the cost base of your **Asciano unit** (please refer question 3 below).

Your entitlement to the attached franking credits will depend on a number of factors which may include whether you have held your Toll shares for at least 45 days (excluding the day of purchase and the day of sale). If you are entitled to the attached franking credits (being \$0.07), then you must also include this amount in your assessable income and you may be entitled to a tax offset for the attached franking credits.



You will not receive either the First Special Dividend or the First Capital Reduction Amount in cash, rather under the Scheme the amounts have been applied to acquire Asciano units.

3. How do I calculate the cost base of my Asciano units?

The CGT cost base of your Asciano unit is equal to \$0.62 being the aggregate of the amount of the First Capital Reduction Amount of \$0.45 and the amount of the First Special Dividend of \$0.17.

SECOND CAPITAL REDUCTION

4. What do I have to do if I was a shareholder in Toll when Asciano Limited was demerged?

The Second Capital Reduction Amount also resulted in a CGT event happening to each of your Toll shares.

As a Toll shareholder, there are two things that you must do:

- consider whether you want to choose demerger rollover relief; and
- recalculate the cost base and reduced cost base of your Toll and Asciano shares.

The decision to choose demerger rollover relief is evidenced by the way you prepare your income tax return.

5 What are the consequences of choosing rollover?

If you choose rollover, you can disregard any capital gain resulting from the Second Capital Return Amount.

The Second Special Dividend is not assessable income.

6. What are the consequences of not choosing demerger rollover?

If you do not choose demerger rollover you must reduce the unindexed CGT cost base of your Toll shares by the Second Capital Return Amount of \$3.75. If your CGT cost base is less than \$3.75, you must reduce your CGT cost base to nil and include the balance of the Second Capital Return as a capital gain in calculating your assessable income in your 2006–07 income tax return. This capital gain may be eligible for discount capital gain treatment and may be offset against current year or carry forward capital losses.

The Second Special Dividend is not assessable income.

A matter to be considered by a shareholder in deciding whether or not to choose rollover is that he or she may have significant capital losses that are available to offset the capital gain that may arise. You may need to seek professional tax advice with regard to this decision.

ALLOCATION OF COST BASE

7. How do I calculate the cost base and reduced cost base of my Toll shares and Asciano shares?

All Toll shareholders must recalculate the unindexed cost base and reduced cost base of each Toll share and each Asciano share.

The cost base of your Asciano shares is not \$3.75.

In question 1, you recalculated the unindexed CGT cost base of your Toll Shares to take account of the First Capital Return Amount.

You now need to apportion this recalculated cost base between your Toll shares and Asciano shares.

Based on the average VWAP of Toll shares and Asciano shares (after reducing the VWAP of Asciano for the net asset value of Asciano Finance Trust) for the first 5 days of trading after the Restructure was



implemented (15th June 2007), you would allocate 40.724% of the recalculated CGT cost base of your Toll Shares to your Asciano Shares.

Example 1 (continued)

In line with question 1 above, you reduce the CGT cost base of each Toll share by \$0.45. The Toll shareholder's cost base is now \$10.00 per share, meaning the total cost base for all Toll shares is \$20,000.

Next, you apportion the cost base of your Toll Shares as follows:

- 59.276% to Toll shares - \$11,855.20 in total or \$5.9276 per share;
- 40.724% to Asciano shares - \$8,144.80 in total or \$4.0724 per share.

In line with question 3 above, the CGT cost base of each of your Asciano units is \$0.62.

This can be illustrated as follows:

Original CGT Cost Base	\$10.45
Less: First Capital Reduction	<u>(\$0.45)</u>
Recalculated unindexed CGT Cost Base	\$10.00

Allocation of Recalculated CGT Cost Base:

Toll Share:	59.276%	\$5.9276
Asciano Share	40.724%	\$4.0724

Composition of CGT cost base of Asciano Unit:

First Capital Reduction:	\$0.45
First Special Dividend:	<u>\$0.17</u>
	<u>\$0.62</u>

Example 2 (continued)

In line with question 1 above, you reduced your CGT cost base in your Toll shares to nil. Therefore, both your Toll shares and your Asciano shares have a CGT cost base of nil. There is no apportionment necessary in this case.

This can be illustrated as follows:

Original CGT Cost Base	\$0.40
Less: First Capital Reduction	<u>(\$0.45)</u>
Recalculated CGT Cost Base	\$Nil

Allocation of Recalculated CGT Cost Base:

Toll Share:	59.276%	\$Nil
Asciano Share	40.724%	\$Nil

Composition of CGT cost base of Asciano Unit:

First Capital Reduction:	\$0.45
First Special Dividend:	<u>\$0.17</u>
	<u>\$0.62</u>



Please note that this fact sheet illustrates the cost base calculations using the 'averaging method'. Taxation Determination TD 2006/73 explains that you can use other methods if they are reasonable. For more information read *Demergers: cost base rules tax determination*.

Remember that in working out the cost base (and reduced cost base) just after the demerger you:

- need to know the cost base of each of your Toll shares just before the demerger (this means you need to take into account any other CGT events that happened after you acquired the shares, but before the demerger, if they affected the cost base)
- do not reduce the cost base of your Toll shares by the \$3.75 per share Second Capital Return Amount associated with the demerger of Asciano; and
- retain these details so that you can work out your capital gains and capital losses when you sell these shares.

In line with question 3 above, the CGT cost base of each of your Asciano units is \$0.62.

OTHER MATTERS

8. What happens if I sell some or all of my Asciano securities after the demerger?

Although your Asciano securities are "stapled" securities, you must consider each Asciano unit and Asciano share separately for CGT purposes.

8.1 What is the CGT cost base of my Asciano securities?

Your CGT cost base is equal to the cost base you worked out for each **Asciano unit** under question 2 and each **Asciano share** in question 7.

8.2 What are my capital proceeds on the sale of my Asciano securities?

You must apportion the proceeds that you receive for your Asciano securities between your Asciano share and your Asciano unit. One basis that you may adopt is to allocate the net asset value of the Asciano Finance Trust to your Asciano unit and the balance to your Asciano Share. Information to assist shareholders in this exercise may be available from Asciano Limited. You include the capital gain or loss when calculating your net capital gain, or net capital loss, for the year in which you sell your Asciano securities.

9. Can I use the CGT discount method for working out the capital gain on my Asciano securities?

Where you have owned your Toll shares for at least 12 months, you can use the discount method in working out your capital gain when you sell your Asciano shares. However, you will not be entitled to the CGT discount in relation to your Asciano unit until you have held it for more than 12 months.

10. What happens if I sell some or all of my Toll shares after the demerger?

If you sell any of your Toll shares, you calculate your capital gain (or capital loss) by reference to the allocated cost base as calculated in question 7.

Where you have owned your Toll shares for at least 12 months, you can use the discount method in working out your capital gain when you sell your Toll shares.

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The above guide has been prepared for the general benefit of all Toll shareholders. The income tax consequences for individual shareholders will vary depending on individual circumstances. As indicated in the Restructure Scheme Book, Toll recommends that all Toll Shareholders obtain their own specialist tax advice as to the taxation consequences of the Restructure.