



Level 8/380 St Kilda Road
Melbourne VIC 3004
Telephone: (03) 9694 2888
Facsimile: (03) 9694 2880

7 July, 2003

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

Lodged Through ASX On Line
Total No. of Pages: 3

Dear Sir

MEDIA RELEASE - TRANZRAIL HOLDINGS LIMITED

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

Yours faithfully
TOLL HOLDINGS LIMITED

A handwritten signature in black ink, appearing to read "B. McInerney", written over a horizontal line.

Bernard McInerney
Company Secretary

Encl.

F:\050 ASX\134.1.rc.ASX media release tranzrail.070703.doc

INCORPORATING TOLL HOLDINGS LIMITED ACN 006 592 089 AND SUBSIDIARIES
A.B.N. 25 006 592 089

The Total Logistics Solution

7 July 2003
News release

DEAL WITH GOVERNMENT BEST OUTCOME

Toll is describing the new partnership deal signed with the Government today as the ideal outcome for all concerned.

Toll Holdings Managing Director Paul Little says the agreement is the best possible outcome for all concerned including freight users, taxpayers and the Crown.

Under the deal:

- The Crown will invest \$200m in upgrading rail infrastructure & further replacement capital
- Toll Holdings will invest \$100m in rolling stock and locomotives
- The “use it or lose it” regime increases from 60% to 70%.
- Toll will be incentivised to increase freight volumes.
- Toll will need to meet agreed performance standards for customer service, safety and freight volumes carried.

“The terms of the deal were reached during intense negotiation and are designed to fulfil both the Government’s public policy objectives and Toll’s commercial requirements”, said Paul Little

“While the new agreement will provide support from committed partners determined to turn Tranz Rail around, it’s important not to underestimate the significant challenges that lie ahead and the recapitalisation required.

“We’re talking years rather than months to get the company back on track.

Little said under the new agreement the Crown is no longer fully underwriting the performance of Tranz Rail.

“While Toll had always been committed to owning and operating Tranz Rail, it had consistently maintained an open mind on government ownership of the rail asset.

“As experienced freight operators our aim is always to offer the highest level of service to our customers whether that is via rail, air, road or sea,” said Paul Little.

“We are confident our new partnership with the Crown will operate as successfully as those in Australia where in a number of situations, the tracks are owned by State and Commonwealth Governments. This works well for both parties”.

Toll has had approval from the Takeovers Panel to withdraw its current offer to Tranz Rail shareholders. Its new offer is conditional on achieving 90% acceptance and receiving Overseas Investment Commission approval.

Toll currently holds 19.99% of the shares in Tranz Rail.

- ends -

For further information please call: Paul Little, Managing Director, Toll Holdings. Telephone from NZ: 00 61 418 335 053; from Australia 0418 335 053.