



**Toll Holdings Limited**  
ABN 25 006 592 089

Level 7/380 St Kilda Road  
Melbourne Victoria 3004

Tel: 61 3 9694 2888  
Fax: 61 3 9694 2880

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The Manager  
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20 Bridge Street  
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Dear Sir

**TOLL RESTRUCTURE EGM, 28 MAY 2007 - SPEECHES**

Please find attached the speeches for the 28 May 2007 Toll Restructure EGM.

Yours faithfully  
**TOLL HOLDINGS LIMITED**

  
**Bernard McInerney**  
**Company Secretary**

Encl.

## CHAIRMAN'S ADDRESS

As you are probably aware, the purpose of today's Meetings is to seek your approval to effect a Restructure which would result in the separation of Toll's infrastructure assets into a new listed entity, Asciano. The restructure will create two significant, market-leading, ASX-50 companies, building on Toll's current strong results and performance, and aims to maximise shareholder value and position both companies for enhanced future growth in a global market. Each company will have an experienced, stable management team.

- ◆ **Toll Holdings Limited**, will comprise the current Australian, New Zealand and Asian logistics businesses of the Toll Group, including the logistics businesses acquired with the takeover of Patrick Corporation and Toll's 62.8% stake in Virgin Blue. Toll Holdings Limited will continue the consistent strategy of providing integrated logistics solutions using appropriate infrastructure within the Asia Pacific region to underpin its highly successful model and improve return on capital; and
- ◆ **The Asciano Group**, comprising Asciano Limited and Asciano Finance Trust, will control a unique transport infrastructure portfolio, including 100% of Pacific National and the Patrick container ports as well as the combined port operations and stevedoring businesses of Toll and Patrick Corporation. Asciano will focus on investment opportunities in ports, rail, airports, toll roads and similar transport infrastructure assets within the transport sector in Australia and internationally, led by an experienced management team with no external management or performance fees.

The main drivers of the proposal are laid out in the Restructure Scheme Book, which should form the basis of your decision today, but let me summarise what we believe are the main advantages and disadvantages of the restructure.

There are a number of significant advantages that arise out of the restructure. These are outlined in detail in the Scheme Book and include:

- ◆ Creating a focussed logistics and freight group of companies in Toll and a leading transport infrastructure group of companies in Asciano
- ◆ Allowing Toll and Asciano to concentrate on their respective core businesses and competencies

- ◆ Enabling Toll and Asciano to better pursue organic and strategic acquisition growth opportunities
- ◆ Creating a clear investment choice for shareholders
- ◆ Enabling Toll and Asciano to each adopt a capital structure and dividend policy appropriate to their respective businesses and strategies; and
- ◆ Allowing Toll and Asciano to retain the planned synergies associated with the acquisition of Patrick Corporation and for shareholders to continue to own 100% of Pacific National in Asciano and Toll AutoLogistics in Toll.

As with any transaction, there are also disadvantages associated with the restructure. These include:

- ◆ Restructure transaction costs
- ◆ Ongoing additional costs for the listing of Asciano
- ◆ Potential increased borrowing costs across the companies; and
- ◆ Effects of reduction in size and diversification, including lower individual index weightings than Toll's current weighting.

Taking the advantages, disadvantages, and risks into account, the Board unanimously decided to recommend the restructure to you, on the basis that it will create significant value for all shareholders. To support that decision, and since this will be a very significant transformation for Toll, the Board engaged Grant Samuel & Associates as an independent expert to provide an expression of their opinion as to whether the restructure is in shareholders' interest. In their report, as set out in full in the Scheme Book, they have concluded that:

*"The proposed restructure should enhance shareholder value over the long term, and is in the best interests of Toll Shareholders."*

The Independent Expert has also concluded that the First Capital Reduction and the Second Capital Reduction will not materially prejudice the interests of Toll creditors.

These findings re-affirmed the Board's decision to unanimously recommend the restructure to shareholders.

And finally, we believe the market has expressed its view. Since 13 December 2006 when we first announced that Toll was considering a restructure, our share price has traded substantially above the share price before the announcement and, as Friday's closing price of \$22.37 was 23% above the share price immediately prior to the announcement of \$18.25. The Board believes this in part reflects the endorsement by the market of the potential benefits of the restructure.

I would now like to hand over to Paul Little to provide some further background to the restructure and to discuss the future for Toll.

## **PAUL LITTLE'S ADDRESS**

Thank you, John.

Over the last ten years, our strategy has been to build and grow our unique logistics model in response to increasing customer demand for a complete end-to-end logistics solution. Our strategy includes the key components of operational expertise, scale, diversity of services, infrastructure and technology solutions. Over this period, we have demonstrated a strong track record of business integration and at the same time, a focus on return of capital.

This strategy has delivered exceptional returns to shareholders. If you had invested \$100 in Toll stock ten years ago, it would be worth \$3,407 today. By contrast, \$100 invested in the ASX200 index on the same day would be worth \$371 today. We are extremely proud of our track record, and expect to continue delivering exceptional returns to shareholders.

The 2006 result was our 13<sup>th</sup> consecutive record, and the 2007 numbers are expected to continue that trend. At the same time, the transformational acquisitions of Patrick and SembCorp Logistics have been integrated successfully, positioning Toll as the Asian region's leading logistics provider.

This restructure is the next step in the evolution of Toll. It is a unique opportunity to allocate the assets and resources of the company to the maximum advantage of shareholders, employees and customers, and will drive 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.

As you're probably aware, we've made big steps in implementing this restructure since it was announced on 13 December 2006. In particular, the ACCC approved the transaction on 18 April 2007, and we've secured an exceptionally flexible long term debt facility for Asciano. We're delighted by the support this restructure has received from all stakeholders to date.

I'd now like to provide operational details on how Toll will be structured, and how it will continue to deliver growth for shareholders, if the restructure proposal is accepted.

## **Toll**

After the Restructure, Toll will remain one of the Asian region's leading providers of integrated logistic services, generating annual consolidated revenue in excess of \$7.5 billion and operating a network of over 600 sites throughout Australia, New Zealand and the Asian region. I will continue to be the Managing Director of Toll, and Neil Chatfield the CFO.

Toll will consist of four divisions after the Restructure:

- ◆ Toll Australia
- ◆ Toll Asia
- ◆ Toll New Zealand
- ◆ Virgin Blue

Our business will continue to benefit from the strength of its networks and scale, and will build upon Toll's strong logistics platform within the Asian Region. Toll's strategy will continue to revolve around leveraging key logistics assets within the region through a combination of acquisitions, strategic alliances and selective joint ventures. This strategy has and will continue to enable Toll to coordinate logistics solutions to national and multi-national customers.

I will now briefly run through our key operating divisions.

### *Toll Australia*

With pro forma forecast 2007 revenues of approximately \$4.3 billion, forecast EBITDA of \$422 million and around 17,000 employees, Toll Australia will continue to provide domestic supply chain solutions to businesses and major industry sectors across Australia.

Toll Australia will continue to operate an asset-light strategy, delivering a unique suite of integrated logistics services to all major industry sectors. Toll will continue to consider strategic ownership of assets provided return and risk criteria are satisfied. Toll Australia will continue to set the highest standards for domestic supply chain solutions.

A combination of further acquisitions, together with the Group's excellent organic growth will underpin ongoing success as the industry's number one service provider.

### *Toll Asia*

Toll Asia, which has pro forma forecast 2007 revenues of \$465 million and forecast EBITDA of \$62 million and employs around 3,000 people, operates one of the most extensive supply chain and in-country physical distribution networks in Asia.

With Asian logistics markets expected to grow at rates of up to 25% per year, expansion of Toll Asia is a key platform for the development of the Toll business.

To capitalise on the tremendous opportunities provided in Asia, Toll has integrated its operations in Malaysia, Vietnam and Thailand into the excellent SembLog assets, developing Toll Asia into the pre-eminent pan-Asian Logistics business.

### *Toll New Zealand*

Toll New Zealand is listed on the New Zealand Stock Exchange, and is 84.2% owned by Toll Holdings. With pro forma forecast 2007 revenues of A\$658 million and forecast EBITDA of A\$99 million, Toll NZ is New Zealand's leading distribution, warehousing and logistics provider.

In addition, Toll NZ provides sea passenger and freight services between the north and south islands of New Zealand, and through its Rail Passenger division operates the Wellington metro passenger rail network and also provides long distance passenger rail services.

### *Virgin Blue*

Finally, Toll will continue to own a 62.8% stake in Virgin Blue. We will continue to evaluate our ownership of this stake, however are very pleased with the performance of Virgin Blue since we acquired the stake as part of the Patrick acquisition, and believe the investment has further value enhancement options for Toll shareholders, and the company continues to review this investment in light of national and international aviation dynamics.

## **Growth and Outlook**

Toll's past 20 years of success have been built on growth and that is something which we expect to continue. Each of our markets represents extremely attractive organic growth opportunities. Additionally, we will continue to pursue value-adding strategic and bolt-on acquisitions, as we have always done, with a team that is highly experienced at integrating businesses.

Toll's flexible balance sheet provides significant capacity for us to be able to deliver on this growth.

Importantly, the strength of the underlying performance of both the logistics and infrastructure businesses so far in 2007 remains strong, and this provides an excellent platform from which to launch this Restructure.

I would now like to invite Mark Rowsthorn to discuss the future of Asciano.

## **MARK ROWSTHORN'S ADDRESS**

Thanks, Paul. Before I run through the Asciano business, I'd like to introduce the new Chairman of Asciano, Tim Poole.

In addition, Austen Perrin, currently CFO of Pacific National, will be the Chief Financial Officer, and Fiona Mead will be the Company Secretary.

Asciano will be one of Australia's largest listed infrastructure owners, with a primary focus on transport infrastructure, including ports and rail assets. The business is forecast to generate revenues in excess of \$2.5 billion for the pro forma year ended 30 June 2007, and is well positioned to benefit from expected strong growth in global trade.

Asciano will consist of two key divisions: Patrick Ports and Pacific National.

### **Patrick Ports**

Patrick Ports is Australia's leading operator across container terminals, and bulk and general ports. With major facilities at the ports of Melbourne, Sydney, Brisbane and Fremantle, Asciano's ports division is Australia's largest operator of container terminals. It will also be the largest bulk and general stevedore in Australia, operating 20 ports in Australia, as well as 12 in New Zealand through the 50% Toll Owens Joint Venture.

The Ports division, including associated JV's Autocare and AAT, is forecast to generate revenues of \$1,060 million for the pro forma 2007 year, and forecast EBITDA of \$299 million.

With growth in containerised and non-containerised cargo in Australian ports forecast to continue in line with the historic average growth rates of 5-7% per year, the Patrick Ports business is positioned to continue its growth.

## **Pacific National**

Pacific National is Australia's largest rail carrier of interstate freight. With pro forma forecast revenues of \$1,528 million and forecast EBITDA of \$295 million, PN will hold leading market positions in bulk haulage and intermodal container services.

Pacific National has several key influences which will lead to strong growth in the next few years. The expected rapid growth in the coal and minerals sector is forecast to continue, driving the Australian land freight task's expected doubling over the next 15-20 years. Additionally, with rising fuel costs and tight labour markets improving rail's competitiveness, and the Australian Government's commitment over the next 20 years to invest in rail infrastructure, Pacific National is well positioned to deliver growing returns.

## **Growth and Outlook**

Asciano has exceptional growth prospects. Initially, we'll focus on optimising our existing assets, to unlock considerable shareholder value. Key areas of focus here will be WA / Queensland rail, expanding port facilities, and really focussing on the benefits we can get from enhancing the port / rail interface.

The Asciano management team has experience in integrating businesses and extracting synergies from acquisitions. We'll seek to lever that experience as we target strategic acquisitions both in Australia and offshore, fitting within our broad mandate to invest in transport and operational assets.

The underlying performance of Patrick Ports and Pacific National has been solid so far in 2007, and we look forward to delivering continued growth to shareholders.

I'll now hand back to John Moule who will lead you through the formalities of the meeting.

## **CHAIRMAN'S ACKNOWLEDGEMENTS**

Thankyou, Mark.

Before you sit down, I should note that Mark has been an integral member of the Toll team for the last 20 years, and has contributed greatly to the development and success of the company. I would like to express the Board's appreciation for all that Mark has achieved and to wish him well for the future as Managing Director of Asciano.

Additionally over the last six months, as well as performing in his role as Chief Financial Officer, Neil Chatfield has carried major responsibility for all of the complex actions needed to complete this restructure successfully and smoothly. Together with Bernard McInerney all of the elements of the restructure have been put together and the Board wishes to thank both Neil and Bernard for their considerable effort.