

P *OWERING* *AHEAD*

NOTICE OF ANNUAL GENERAL MEETING

Incorporated in Victoria. Registered office:
Level 8, 380 St Kilda Road, Melbourne, Victoria 3004



TOLL HOLDINGS LIMITED ABN 25 006 592 089

NOTICE OF ANNUAL GENERAL MEETING

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Notice is hereby given that the Annual General Meeting of members of Toll Holdings Limited will be held at the Mayfair Ballroom, Grand Hyatt, 123 Collins Street, Melbourne, Victoria on Thursday, 27 October 2005 at 11am.

BUSINESS

Item 1 – Accounts and Reports

To receive and consider the financial statements of the Company and its controlled entities for the year ended 30 June 2005 and the related Directors' Report, Directors' Declaration and Auditors' Report.

Item 2 – Remuneration Report

To consider and, if thought fit, to pass the following resolution as a non-binding resolution:

'That the Remuneration Report be adopted.'

Item 3 – Re-election of Mr John Moule as a Director

To consider and, if thought fit, to pass the following resolution:

'That Mr John Moule, who retires by rotation in accordance with the Company's Constitution, be re-elected as a Director of the Company.'

Item 4 – Election of Mr Ray Horsburgh as a Director

To consider and, if thought fit, to pass the following resolution:

'That Mr Ray Horsburgh, who was appointed as an additional Director to the Board and retires in accordance with the Company's Constitution, be elected as a Director of the Company.'

Item 5 – Approval of prior issue of securities by placement

To consider and, if thought fit, to pass the following resolution:

'That approval be and is hereby given to the prior issue by the Company on 23 March 2005 of 1,800,000 ordinary shares at an issue price of \$13.50 per share.'

Item 6 – Approval of benefit payable on termination under the proposed executive service Deed for Mr Paul Little

To consider and, if thought fit, to pass the following resolution:

'That for the purposes of ASX Listing Rule 10.19 and section 200E of the Corporations Act the Company approves the benefits which may become payable to Mr Paul Little on termination of employment under the executive service deed proposed to be entered into between Mr Little and the Company as described in the Explanatory Memorandum accompanying the Notice convening this meeting.'

PERSONS PRECLUDED FROM VOTING

The Company shall disregard any votes cast:

- in respect of Item 5, by any person who participated in the issue of shares for which approval is sought and associates of such persons; and
- in respect of Item 6 by any officer of the Company, any entity controlled by the Company or any subsidiary of the Company if that officer is entitled to participate in a termination benefit and any associate of such an officer.

However, the Company will not disregard a vote if:

- it is cast by such a person as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or
- it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with the direction on the proxy form to vote as the proxy decides.

By Order of the Board

B McNerney

Company Secretary

Dated this 26th day of September 2005

SEE IMPORTANT NOTES OVERLEAF

IMPORTANT NOTES

VOTING ENTITLEMENTS

Pursuant to regulation 7.11.37 of the Corporations Regulations 2001, the Directors have determined that the shareholding of each shareholder for the purposes of ascertaining voting entitlements for the Annual General Meeting will be as it appears in the Share Register at 7pm on 25 October 2005.

Holders of Reset Preference Shares ('RPS') issued by the Company on 12 November 2003 may attend the Annual General Meeting but, in accordance with the terms of issue of the RPS, are not entitled to speak or vote at the meeting.

PROXIES

A member who is entitled to attend and cast a vote at the Annual General Meeting has the right to appoint a proxy (an individual or a body corporate) who need not be a member of the Company. If a member is entitled to cast two or more votes they may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the member appoints two proxies and the appointment does not specify the proportion or number of the member's votes each proxy may exercise, each proxy may exercise half of the votes. If a member appoints two proxies, neither may vote on a show of hands.

For the appointment of a proxy to be effective, the Proxy Form, together with any authority under which the Proxy Form was executed or a certified copy of that authority, must be deposited at the Share Registry of the Company, Computershare Investor Services Pty Limited, located at Yarra Falls, 452 Johnston Street, Abbotsford, Victoria, 3067 or at the Company's Registered Office, Level 8, 380 St Kilda Road, Melbourne, Victoria 3004, or returned in the enclosed Reply Paid envelope to GPO Box 242, Melbourne, Victoria 3001, or sent by facsimile to Computershare on (03) 9473 2555 or to the Company on (03) 9694 2880 at least 48 hours before the meeting.

Shareholders desiring to lodge electronic proxies on-line, may do so by first registering on the Company's website at www.toll.com.au and clicking on 'Shareholder Information' and then 'AGM Proxy Voting'.

CORPORATE REPRESENTATIVE

If a representative of a corporate member is to attend the meeting pursuant to section 250D of the Corporations Act, a certificate of appointment of the representative must be produced prior to admission to the meeting.

EXPLANATORY MEMORANDUM FOR SHAREHOLDERS

TOLL HOLDINGS LIMITED ABN 25 006 592 089

Introduction

This Explanatory Memorandum provides information for shareholders in respect of Items 1 to 6 to be considered at the Annual General Meeting of the Company to be held at the Mayfair Ballroom, Grand Hyatt, 123 Collins Street, Melbourne, Victoria on Thursday, 27 October 2005 at 11am.

The Directors (other than the Directors who abstained by reason of their material personal interest in a particular resolution) have resolved that it is in the interests of the Company that the resolutions set out in Items 1 to 6 be passed and recommend that you vote in favour of each resolution.

Item 1 – Accounts

The Corporations Act 2001 (Cth) ('Corporations Act') requires the Financial Report, Directors' Report and Auditor's Report to be laid before the meeting. There is no requirement in the Corporations Act or the Company's Constitution for shareholders to vote on, approve or adopt these Reports. Shareholders will have a reasonable opportunity at the meeting to ask questions and make comments on these Reports and on the business, operations and management of the Company.

The Auditor of the Company is required to attend the meeting and will be available to take shareholders' questions and comments about the conduct of the audit, and the preparation and content of the Auditor's Report. Members may forward written questions to the Auditor on these matters for response at the meeting. These should be emailed to company_secretary@toll.com.au or mailed to the Company Secretary, Level 8, 380 St Kilda Road, Melbourne, Victoria 3004 and may be submitted up to 5 business days before the meeting. The Company is required by law to forward all questions to the Auditor and the Auditor is required to prepare a list of questions that the Auditor considers are relevant to the conduct of the audit and the content of the Auditor's Report. The Auditor may omit questions that are the same in substance to other questions and questions that are not received in a timely manner. At the meeting the Chairman will give the Auditor a reasonable opportunity to answer the questions on the question list. The list of questions prepared by the Auditor will be available on the Company's website, www.toll.com.au prior to the meeting. In addition copies of the list of questions will be available at the meeting.

The Auditor of the Company will also be available to take shareholders' questions at the meeting regarding accounting policies adopted by the Company in relation to the preparation of the financial statements, and the independence of the auditor in relation to the conduct of the audit.

Item 2 – Remuneration Report

Following amendments to the Corporations Act a resolution in relation to the Remuneration Report, included within the Directors' Report is, this year for the first time, required to be included in the Notice of Meeting, so that shareholders have opportunity to comment and ask questions on the content of the Remuneration Report, and exercise a vote for its adoption. The vote on the resolution is advisory only and does not bind the Directors of the Company.

Item 3 – Re-Election of John Moule as a Director

In accordance with the procedure for the election of Directors in the ASX Listing Rules and the Constitution of the Company, John Moule retires from the Board and offers himself for re-election.

John Moule, FCA FAICD, was appointed to the Board in 1995 and elected as its Chairman in 2002.

John is also Chairman of the Nomination & Corporate Governance Committee and a member of the Audit & Financial Risk and Remuneration & Succession Planning committees of the Board.

John is an independent Non-Executive Director, and as Chairman is responsible for leadership of the Board and the effective discharge of its operation and stewardship, as set out in the Board Charter. His role as Chairman also requires him to ensure that the Board determines the Company's goals and receives accurate, timely, and clear information to enable it to analyse and constructively appraise the performance of Management, and to facilitate the effective contribution of Directors and the efficient organisation and conduct of the Board's responsibilities to represent shareholders and to enhance shareholder value.

John is a former Managing Partner of Deloitte Touche Tohmatsu and has extensive experience in accounting and financial and general management. He is also a director of the MLC Limited Group.

Item 4 – Election of Ray Horsburgh as a Director

Ray Horsburgh, B Chem Eng, was appointed to the Board on 24 November 2004 as an additional director and under the Constitution of the Company is required to retire at this Annual General Meeting, but is eligible for election.

Ray is an independent Non-Executive Director, is Chairman of the Audit & Financial Risk Committee and a member of the Nomination & Corporate Governance and Remuneration & Succession Planning committees of the Board. Ray is Managing Director of Smorgon Steel Group Limited (Group) and has extensive management experience in the glass and steel industries, in mergers and acquisitions, managing businesses overseas (especially in SE Asian countries) and building businesses in mainland China.

EXPLANATORY MEMORANDUM FOR SHAREHOLDERS

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Item 5 – Approval of prior issue of ordinary shares

ASX Listing Rule 7.1 requires shareholder approval for an issue of equity securities (which includes ordinary shares) if, over a 12 month period, the amount of equity securities issued is more than 15% of the number of ordinary shares on issue at the start of that 12 month period. Under ASX Listing Rule 7.4, a prior issue of equity securities made without shareholder approval under Listing Rule 7.1 is treated as having been made with approval for the purposes of Listing Rule 7.1 if the issue did not breach Listing Rule 7.1 and holders of ordinary shares subsequently approve the issue.

Pursuant to ASX Listing Rule 7.4, shareholder approval is sought for the prior issue of 1,800,000 ordinary shares in the Company. On 23 March 2005, the Company issued 1,800,000 ordinary shares, ranking *pari passu* with existing fully paid ordinary shares, to institutional investors selected by Citigroup Global Markets Australia Pty Ltd at an issue price of \$13.50 per share, pursuant to a placement representing the approximate Dividend Reinvestment Plan shortfall from the Company's interim 2005 dividend. The proceeds of the issue were used for general capital management purposes.

The Directors have resolved to seek shareholder approval for this issue, thereby allowing the Company to increase its capacity by 1,800,000 shares to issue more equity securities in the future, within the 15% limit, without shareholder approval.

Item 6 – Approval of benefit payable on termination under the proposed executive service deed for Mr Paul Little

Background

This resolution seeks shareholder approval for an additional termination benefit which may become payable to Paul Little under the executive service deed proposed to be entered into between Mr Little and the Company.

At the Company's annual general meeting last year, shareholder approval was obtained to the provision of various benefits which Mr Little was to receive under a proposed new executive service deed. Subsequent to that approval, further negotiations occurred in respect of Mr Little's executive service deed. As a consequence of those further negotiations, a further benefit was agreed, subject to shareholder approval, to be given to Mr Little as described below.

Proposed benefit

The executive service deed proposed to be entered into between the Company and Mr Little provides that in the event that Mr Little's employment is terminated by the Company (other than summarily) or there is a mutually agreed, planned retirement by Mr Little involving transition arrangements for the transfer of Mr Little's responsibilities in a manner reasonably acceptable to the Board, then, the Board will exercise its discretion under the Senior Executive Option Plan of the Company ('SEOP') to extend the expiry of any options previously issued to Mr Little which remain unexercised as at the date of cessation of employment to a date 60 days after the applicable exercise date for those options ('Benefit'). However, the exercise of those options will remain subject to satisfaction of their performance hurdles.

The value of this Benefit which may become payable to Mr Little in connection with his retirement or removal from office will be equal to the value of the options held by Mr Little and which remain unexercised at the date of cessation of employment.

The calculation of the value of those options at the date of cessation of employment will be determined by:

- the number of options held;
- the expiry date of the options;
- the exercise price of the options;
- the share price of the Company's shares;
- the performance conditions; and
- other factors relevant to the valuation model used such as the volatility factor, risk-free interest rate, dividend yield and probability factor.

The Board has formed the view that the circumstances in which the Benefit may become payable to Mr Little are not unusual for an executive of the calibre of Mr Little. The Board considers that it is in the best interests of the Company to agree to provide the Benefit. In addition the Board considers the provision of the Benefit to be 'reasonable' remuneration given the Company's circumstances and those of Mr Little.

Approval sought

Shareholder approval is being sought for the Benefit under ASX Listing Rule 10.19 and section 200E of the Corporations Act.

ASX Listing Rule 10.19 requires an entity to ensure that no officer of the entity will be, or may be, entitled to termination benefits if the value of those benefits and the termination benefits that are or may become payable to all officers together exceed 5% of the equity interests of the entity as set out in the latest accounts given to ASX, unless shareholder approval is given. The value of the termination benefits which may become payable to Mr Little (and all other officers of the Company) cannot be calculated at this time and therefore the Company is unable to determine at this time whether the 5% threshold set out in the Listing Rule will be breached. Notwithstanding this, the Company is seeking shareholder approval to remove any possibility of the provision of the proposed benefit described above offending this Listing Rule.

Section 200B of the Corporations Act requires a company to obtain shareholder approval before giving a benefit to a director in connection with the director's retirement or removal from office unless the benefit falls within certain exceptions set out in the Corporations Act. A benefit will only fall within those exceptions if the amount of the payment is less than a prescribed multiple of the director's remuneration and if the nature of the payment falls within one of a number of categories set out in the Corporations Act (for example, an 'exempt benefit' or a payment in connection with a person's retirement from a Board or managerial office and the payment is for past services the person rendered to the Company). The Board has received legal advice that the Benefit does not technically fall within any of the categories of exception set out in the Corporations Act.

Section 200E of the Corporations Act requires that where shareholders are being asked to approve a benefit to a director that would otherwise be prohibited by section 200B, shareholders must be given details of the money value of the proposed prescribed benefit, or, if that value cannot be ascertained at the time of the disclosure, the manner in which that value is to be calculated and any matter, event or circumstance that will, or is likely to, affect the calculation of that value. Information regarding the value of the Benefit is included above.

If the resolution is not passed

If the resolution is not passed, given the provision of the Benefit is expressed to be subject to compliance with the Corporations Act and the ASX Listing Rules, then the Board will not exercise its discretion and Mr Little will not receive the Benefit. In effect this means any such options will expire on the date Mr Little ceases employment and if those options are not yet able to be exercised under the rules of the SEOP, Mr Little will have no opportunity to exercise them before ceasing employment.

Directors' recommendation

All Directors, with the exception of Mr Little in abstention, recommend that shareholders vote in favour of resolution 6. Mr Little makes no recommendation in light of his personal interest in this resolution.



TOLL HOLDINGS LIMITED ABN 25 006 592 089

For further information please contact

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Share Register

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