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ASX and media release

23 December 2013

Toll and Asciano strengthen rail relationship with North Queensland agreement

Australia's largest provider of transport and logistics services, Toll Group (Toll), has reached agreement for leading rail operator Pacific National Rail (PN Rail) – part of Asciano Limited (Asciano) – to take over operation of the North Queensland rail service of the Toll Intermodal business on 1 February 2014.

Toll has entered into a 13-year rail haulage agreement with PN Rail that will enable it to continue to service its North Queensland customers.

The transaction further strengthens the long standing relationship between Toll and Asciano, and comprises a number of agreed actions between the parties. These include:

- Toll has extended its existing interstate rail haulage agreement with PN Rail to 2022;
- PN Rail will acquire five Queensland intermodal rail terminals for approximately \$70 million at Cairns, Townsville, Mackay, Rockhampton and Brisbane, together with associated plant and equipment. The sale proceeds are in line with the book value of these assets;
- Toll Intermodal will continue to operate its freight forwarding business at the PN Rail terminals;
- Eliminating minimum rail volume obligations of Toll in North Queensland effective 1 January 2014.

The majority of employees currently working in roles directly related to the train operation are anticipated to transfer to PN Rail.

Toll Group Managing Director Brian Kruger said, "This agreement is a very positive transaction for Toll and all of our North Queensland customers."

"The deal allows us to continue to provide Toll Intermodal's customers' with long-term access to quality rail infrastructure and significantly enhances the operational flexibility of our North Queensland business. It also reduces capital employed in this part of the business, which will result in an improvement in our return on invested capital", Mr Kruger said.

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Note to editors

Celebrating 125 years in 2013, Toll Group is the Asia Pacific region's leading provider of transport and logistics. Toll employs more than 45,000 people across some 1,200 locations in more than 50 countries. Toll's specialist logistics capabilities incorporate a range of sectors including defence & government, industrial, manufacturing, mining & resources, retail and automotive www.tollgroup.com

Toll Intermodal, part of Toll Group, offers the greatest national coverage in Australia through its extensive network of depots and on-forwarding services to Australia's outlying locations www.tollgroup.com/tollintermodal

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