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

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Dear Sir

MEDIA RELEASE - INTENTION TO MAKE FULL TAKEOVER OF TRANZ RAIL

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 in a cursive style.

Bernard McInerney
Company Secretary

Encl.

Market Information Services
NZSE Limited, WELLINGTON

By: E-Mail

Toll Holdings - Intention to Make Full Takeover Offer for Tranz Rail

Toll Holdings, an ASX listed company and a leading provider of integrated transportation and logistics services in Australasia, today announced that it intends to make a full takeover offer for all the share capital of Tranz Rail Holdings Limited.

A formal takeover notice, as required under the Takeovers Code, is planned to be served on Tranz Rail next week. Toll's decision follows completion of its own internal analysis of the Tranz Rail business, based on publicly available information, and follows Toll's initial acquisition of a 10.1% stake in Tranz Rail.

Toll proposes to make a cash offer of NZ\$0.75 for each ordinary share in Tranz Rail with the appropriate equivalent amount payable for the restricted ordinary shares, redeemable restricted shares and options.

The proposed offer values the total ordinary share capital in Tranz Rail at approximately NZ\$158 million. Toll will also assume Tranz Rail's existing debt and lease commitments.

"Toll believes that its proposed offer will be highly attractive to shareholders and customers and reflects full and fair value" said Mr Paul Little, Managing Director of Toll.

"Tranz Rail's business operations and assets are good quality and provide a strong platform to create an efficient and competitive transport capability throughout New Zealand."

"We are excited by the opportunity to work closely with Tranz Rail's customers, the New Zealand Government and other stakeholders." "Toll's multi modal capabilities and our capacity to invest in transport related infrastructure will further contribute to improved service levels for Tranz Rail customers and New Zealand generally".

"This is an exciting opportunity for Toll and its shareholders in both a strategic and financial sense" said Paul Little. "It will complement Toll's existing operations in New Zealand and is in line with Toll's strategic growth aspirations for the region".

The proposed offer price represents a significant premium to Tranz Rail's closing share price the day immediately preceding Rail America's withdrawn notice of intention to make a takeover offer of 15 May 2003.

The proposed acquisition is to be fully funded by debt. Toll will review opportunities to restructure Tranz Rail's existing debt and lease commitments post acquisition.

The proposed offer would, among other things, be conditional upon regulatory consents, a majority shareholder acceptance and Tranz Rail not disposing of any of its businesses or assets, entering any joint ventures or altering its existing debt or capital structure.

Toll Holdings Limited

Per: _____

cc: Takeovers Panel, Wellington

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