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The Manager
Australian Stock Exchange
Company Announcement Office
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Sydney NSW 2000

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Dear Sir

MEDIA RELEASE – PROPOSAL TO ACQUIRE PATRICK CORPORATION LIMITED

Please find attached for immediate release to the market the following with regard to the above mentioned subject.

Yours faithfully
TOLL HOLDINGS LIMITED

Bernard McInerney
Company Secretary

Encl.

MEDIA RELEASE

22 August 2005

TOLL HOLDINGS ANNOUNCES PROPOSED ACQUISITION OF PATRICK CORPORATION TO CREATE A LEADING INTEGRATED TRANSPORT AND LOGISTICS GROUP IN THE ASIAN REGION

Toll Holdings Limited (**Toll**) today announced a proposal to acquire Patrick Corporation Limited (**Patrick**) to create a leading integrated transport and logistics business in the Asian region.

The proposed acquisition will be achieved through an off-market takeover bid by Toll for all of the shares it does not already own in Patrick. Toll has accumulated a holding in Patrick of 4.3% at a cost of $170 million.

Under the proposal, Patrick shareholders will receive for each Patrick share:

- 0.4 Toll shares;
- $0.75 cash; and
- an *in specie* fully franked special dividend from Patrick of 0.3 Virgin Blue Holdings Limited (**Virgin Blue**) shares.

The combined value of Toll shares, cash and the special dividend equates to $6.70 per Patrick share based on the closing price on the Australian Stock Exchange (**ASX**) on 19 August 2005 of $13.58 per Toll share[1] and $1.72 per Virgin Blue share. This represents a premium of 20.3% to Patrick's one month Volume Weighted Average Price (**VWAP**) to 26 July 2005, the day before media and market speculation arose about a possible takeover bid for Patrick by Toll.

This offer values Patrick ordinary shares in aggregate at $4.6 billion.

The acquisition is expected to be Earnings Per Share (**EPS**) accretive for both Patrick (on an equivalent EPS[2] basis) and Toll shareholders based on estimated proforma earnings for the year ending 30 June 2006[3]

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[1] Patrick shareholders who accept the offer will not be entitled to receive the Toll dividend payable on or about 30 September 2005. Toll's share price has not been adjusted for this dividend on the basis that for each of its last seven dividend payments, Toll's share price has returned from its ex dividend price to at least its cum dividend price within eight or less trading days.

[2] Assuming cash component reinvested at Toll's closing price on 19 August 2005 of $13.58

[3] Diluted EPS, assuming the transaction occurred on 1 July 2005, full synergies are achieved in the first year and excluding non-recurring restructuring and one off costs associated with the transaction.

Toll's Managing Director, Mr Paul Little said "Today's acquisition proposal will deliver immediate value to both Patrick and Toll shareholders, ongoing benefits to all shareholders, create a truly world class transport and logistics company and gives Patrick shareholders a better structured, lower risk exposure to the aviation business."

Benefits of the Proposed Acquisition

The Toll and Patrick businesses are highly complementary. The combination will be, in Toll's view, the leading integrated transport and logistics company in the Asian region, with a unique group of strategically aligned assets across the supply chain.

Benefits of the merged group include:

- *Improved Supply Chain Efficiencies and Customer Service Capabilities*

The merged group will bring under one roof the industry expertise, technology and facilities to deliver substantial supply chain efficiencies – efficiencies that are already being sought by customers in a dynamic and globalising freight market.

Combining Patrick's capital city container ports and stevedoring businesses with Toll's market leading land-based transport and logistics businesses and established customer relationships, will provide customers with a seamless and improved end to end service by land, sea and air.

In addition, Pacific National - Toll and Patrick's 50:50 rail joint venture - will be consolidated under common ownership, to improve efficiency and service levels for the benefit of all bulk and freight forwarding customers.

- *Increased Ability to Invest in Infrastructure*

Patrick is facing a period of significant additional capital reinvestment requirements in its business. Average analysts forecasts for Patrick's aggregate capital expenditure, excluding its share of Pacific National, over the next three years is in the order of $1.1 billion[4] compared to approximately $300 million over the past comparable period. In Toll's view, this is likely to place significant strains on Patrick's prospective returns to shareholders as a standalone company.

The combined group will have a conservative capital structure with low gearing and strong operating cash flows, leaving it in a strong position to fund capital expenditure plans and further regional growth opportunities.

Toll believes that this financial position, together with the increased scale and efficiency potential of the combined entity, will result in an improved ability to invest in critical infrastructure for the benefit of shareholders and ultimately Australia's national competitiveness.

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4 Average of nine leading brokers' aggregate capital expenditure forecasts for the 2005 to 2007 financial years from reports dated 21 June 2005 to 21 August 2005 (range $833 million to $1,522 million).

- *Improved Global Competitive Position, Especially in Asia*

The merged group will have the scale and breadth of operations to enable it to compete effectively with the other leading global logistics service providers in Australia and the Asian region. It will also be well positioned operationally and financially to grow internationally with its customers as their activities become increasingly global.

- *Cost Savings*

Toll believes that the combination of the two businesses should yield many cost savings and efficiencies (such as overhead) for the benefit of shareholders and customers. Based on its experience and understanding of Patrick, Toll believes that synergies in excess of $50 million per annum are achievable. Toll has a proven record in realising strong acquisition synergies in many business combinations since 1986.

- *Other Benefits of Increased Scale*

The merged group will have annual revenues of over $7 billion. It will be a top 25 company listed on the ASX with a market capitalisation, based on Toll's current share price, of approximately $8.6 billion[5]. It will also be one of the largest integrated freight/logistics companies globally by market capitalisation.

- *Better Structured Exposure to Volatile Aviation Business, with Reduced Risks for Shareholders*

Toll proposes restructuring Patrick's current 62.4% shareholding in Virgin Blue through a reduction in the merged group's shareholding to a small strategic stake, prospectively as low as 10%. Toll has entered into an agreement with Sir Richard Branson's Virgin Group, which currently holds approximately 25% of Virgin Blue, in connection with the proposed restructuring of the shareholding in Virgin Blue as described later in this announcement. The focus of Toll's ongoing relationship with the Virgin Blue business will be in Toll's core airfreight forwarding market. Following implementation of the proposed ownership restructure of Virgin Blue, the merged group's capital employed[6] in the aviation business is expected to be less than 5% of the merged group's total capital employed, down from an estimated 38% within Patrick as a standalone company.

Attractive Premium for Patrick Shareholders

The combined value of the offer per Patrick share represents a:

- 17.5% premium to Patrick's closing share price on Thursday 18 August (before market rumours of a Toll acquisition proposal drove the Patrick stock price up 13% on 19 August),

- 20.3% premium to Patrick's one month VWAP to 26 July 2005, the day before media and market speculation arose about a possible takeover bid for Patrick by Toll, and a 14.5% premium to the 1 month VWAP to 19 August; and

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[5] Assuming exercise of Patrick options and conversion of CRANES.

[6] Capital employed represents Net Assets plus Net Debt.

- in Toll's view, a 48% premium to the implied underlying market value of Patrick's controlled port and logistics assets.[7]

The offer value represents a P/E multiple of between 30.8 and 32.9 times Patrick's earnings guidance for 2005 issued on 18 August 2005.

Other Benefits for Patrick Shareholders

The proposed acquisition is also expected to have a number of other benefits for Patrick shareholders including:

- Improved growth opportunities - Toll's leading position as a land-based logistics provider along with its established customer relationships will provide an excellent opportunity to add value to Patrick's port and logistics business and its customer base;
- Participation in the strategic benefits, efficiencies and improved regional growth prospects from the acquisition as a result of the predominantly scrip based consideration;
- An increased focus on freight-based transport and logistics businesses as a result of the Virgin Blue ownership restructure; and
- Access to Toll's proven operational performance, organic growth and business integration capabilities.

Benefits for Toll Shareholders

The acquisition is expected to provide Toll shareholders with significant benefits including:

- Long term growth from improved customer service and efficiencies;
- Improved position to compete against global supply chain/logistics companies in Australia and the Asian region;
- EPS accretive based on estimated proforma earnings for the year ending 30 June 2006[8];
- A small strategic shareholding in Virgin Blue with a proposed airfreight alliance to establish Virgin Blue as a competitive second domestic airfreight carrier; and

[7] Represents the premium of Toll's offer value (less the implied value of Patrick's interests in Virgin Blue and Pacific National) to Patrick's share price based on the one month VWAP to 26 July 2005 (less the implied value of its interests in Virgin Blue and Pacific National). Implied value of Virgin Blue based on closing price on 19 August 2005 of $1.72. Implied value of Pacific National interest is based on the average enterprise value for 50% of $1,406 million (range $1,035 million to $1,860 million) from sum-of-the-parts valuations for Patrick and Toll, prepared by seven brokers (being all of the brokers who Toll could identify to have prepared sum-of-the-parts valuations for Patrick or Toll) as detailed in reports dated 19 May 2005 to 18 August 2005, less $329 million being 50% of Pacific National's actual net debt at 30 June 2005. Toll believes it is not appropriate for a "control premium" to be imputed for Patrick's stake in Pacific National as Toll already owns 50% of Pacific National and no other party is able to acquire control without Toll's agreement.

[8] Diluted EPS, assuming the transaction occurred on 1 July 2005, full synergies are achieved in the first year and excluding non-recurring restructuring and one off costs associated with the transaction.

- Increased access to growing international trade related business opportunities.

Management and Employees

Toll's success since its original $1.6 million management buyout in 1986 has been built by an outstanding, motivated and customer-focussed team, which has grown with the business. Toll believes that Patrick shares the same merit based culture in its organisation, which further reinforces its confidence in the prospective success of this acquisition. Toll believes that the merged group will represent an extremely attractive employment environment, with a scope of activities and organisational culture that will make it a very attractive career choice for high calibre employees.

Toll also has considerable respect for the qualities of the Patrick management team and would welcome their continued involvement, including that of both the Patrick Chairman and CEO in the merged group.

Toll Has an Outstanding Record of Shareholder Returns

Toll shares have provided average total shareholder returns, assuming reinvestment of dividends, of 43% per annum over five years from July 2000, placing it within the top 6 companies in the S&P/ASX100. Toll has also produced compound annual growth in basic EPS of approximately 30% over the same period.

These excellent shareholder returns and EPS growth have resulted from strong operational performance, strong customer relationships, strong organic growth and the successful integration of businesses that have been acquired.

Restructuring of Patrick's Ownership in Virgin Blue

Toll proposes to restructure Patrick's current 62.4% shareholding in Virgin Blue to reduce the merged group's exposure to the air passenger market whilst retaining a small but strategic stake to assist Virgin Blue's expansion into the airfreight linehaul market.

As mentioned above, Toll proposes that Patrick pays a special dividend of 0.3 Virgin Blue shares for each Patrick share, representing approximately 20% of Virgin Blue shares.

In addition, Toll has entered into an Underwriting Agreement with Virgin Group under which Toll will procure Patrick to:

- dispose of 15% of the shares in Virgin Blue (presently owned by Patrick) through a share offer with the sale price determined by a bookbuild, fully underwritten by Virgin Group at $1.40 per share;

- grant call options to Virgin Group for up to 15% of the shares in Virgin Blue (presently owned by Patrick) at prices from $1.40 per share up to the bookbuild price, which can be exercised to the extent Virgin Group does not acquire underwritten shares;

- subject to certain exceptions, retain at least 10% of Virgin Blue for at least 30 months.

Following the ownership restructuring in Virgin Blue, the merged group will hold a small strategic shareholding in Virgin Blue prospectively as low as 10%. Virgin Group's shareholding may increase from 25.6% to up to 40.6%, reflecting an intended increased investment in and management commitment to the airline.

Further particulars relating to the Underwriting Agreement will be disclosed in the Bidder's Statement.

It is also Toll's intention to enter into negotiations with Virgin Blue on an arms length basis to transfer Toll's requirements for airfreight linehaul services to Virgin Blue.

Mr Little said "Toll has large airfreight volumes and following the Patrick acquisition and Virgin Blue ownership restructure, we intend to work with Virgin Blue to assist it to develop a successful airfreight linehaul business for the benefit of our customers and for the shareholders of both the merged group and Virgin Blue."

Transaction Funding

Toll has financing facilities in place to fund the entire cash component of the offer consideration in addition to any refinancing of Patrick debt and hybrid facilities that may be necessary upon a change of control.

Results for Year Ended 30 June 2005

Toll has today, in the interest of keeping the market fully informed, also released its unaudited results for the year ended 30 June 2005.

Toll announced that 2005 has been another record financial year, with highlights including:

- Record profit after tax of $215.8m (excluding net significant gains of $0.7m), up 28% on the prior year;
- Record operating revenue pre associates of $3.8 billion;
- Record operating cashflows of $318 million, up 52% on the prior year;
- Record diluted EPS of 61.3 cents per share, up 22% on the prior year;
- Record final fully franked ordinary dividend of 15.5 cents per share;
- Strong underlying growth in revenues and EBIT margins; and
- Net debt at 30 June 2005 around $310 million, including the cost of Toll's shareholding in Patrick as at that date.

Mr Little said "strong trading conditions have continued in July and August to date, and the outlook is very positive".

Conditions and Payment Terms

The offer is conditional on Toll acquiring not less than 90% of the shares in Patrick, ACCC approval and other conditions as set out in the Annexure.

Patrick shareholders accepting the offer will receive their consideration of Toll shares and cash on or before the earlier of:

- one month after the offer is accepted or, if the offer is subject to conditions when accepted, within one month after the offer becomes unconditional; and
- 21 days after the end of the offer period.

Toll intends that Patrick will pay the special dividend as soon as practicable after Toll obtains control of Patrick and the conditions of its offer are satisfied or waived.

Toll shares issued to Patrick shareholders pursuant to the offer will not be entitled to participate in Toll's final dividend for the year ended 30 June 2005, which is expected to be paid on or about 30 September 2005.

Bidder's Statement

Further information concerning Toll's takeover bid for Patrick will be contained in Toll's Bidder's Statement which will be served on Patrick and lodged with the ASX and the Australian Securities and Investments Commission within the next month.

Shareholder Information

Further information on the acquisition proposal will be lodged with the ASX and included on Toll's website at www.toll.com.au. Patrick and Toll shareholders with questions on the acquisition proposal should contact the **Toll Offer Information Line on 1300 769 346** from within Australia or **+61 3 9415 4005** from outside Australia, between 9.00 am and 5.00 pm (AEST time) Monday to Friday.

Citigroup and Carnegie, Wylie & Company are acting as joint financial advisors to Toll, and Clayton Utz is acting as Toll's legal advisors.

Toll Holdings Limited

Paul Little	Neil Chatfield
Managing Director	Director

For enquiries:

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From Overseas	+61 3 9415 4005	Peter Brookes	040 791 1389
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John Hanson	02 8225 4610	Jeremy Mead	02 9283 2622

Annexure A - Conditions of the Offer

The takeover offers to be made by Toll (**Offers**) for ordinary shares in Patrick (**Patrick Shares**) will be subject to conditions substantially as set out below:

(a) (**Minimum acceptance**): that during, or at the end of, the period for which Toll's Offers remain open (**Offer Period**):

   (i) Toll and its associates have relevant interests in at least 90% (by number) of the Patrick Shares; and

   (ii) Toll and its associates acquire at least 75% (by number) of the Patrick Shares that Toll offers to acquire under the Offers; and

   (iii) Toll becomes entitled to compulsorily acquire all Patrick Shares and Patrick securities which are convertible into Patrick Shares in accordance with Chapter 6A of the *Corporations Act*;

(b) (**ACCC**): that, before the end of the Offer Period, either:

   (i) Toll receives notice in writing from the Australian Competition and Consumer Commission (**ACCC**) to the effect that the ACCC does not propose to intervene or seek to prevent Toll's acquisition of Patrick Shares under the Offers pursuant to section 50 of the *Trade Practices Act 1974* (Cth) (**TPA**); or

   (ii) Toll is granted clearance or authorisation to acquire Patrick Shares under the Offers by the ACCC or the Australian Competition Tribunal under Part VII of the TPA, and no application for review of such clearance or authorisation is made within the period prescribed by the TPA;

(c) (**Other regulatory approvals**): that, before the end of the Offer Period, all regulatory approvals or consents that are required by law, regulation or regulatory policy to permit:

   (i) the Offers to be lawfully made to and accepted by Patrick Shareholders;

   (ii) the acquisition of the Patrick Shares by Toll; and

   (iii) the continued operation of the businesses of Patrick and its subsidiaries,

   are granted, given, made or obtained unconditionally, remain in full force and effect and do not become subject to any notice, indication or intention to revoke, suspend, restrict, modify or not renew same;

(d) (**No regulatory action**): that, between the date of this announcement (**Announcement Date**) and the end of the Offer Period:

   (i) no preliminary or final decision, order or direction is made or issued by any court or governmental, semi-governmental, administrative, statutory, judicial, quasi-judicial or other regulatory body, authority or agency (including any securities exchange or any private entity which exercises regulatory functions), whether in Australia or elsewhere (**Regulatory Authority**);

(ii) no action, proceeding or investigation is announced, commenced or threatened by any Regulatory Authority; and

(iii) no application is made to any Regulatory Authority (other than by Toll or an associate of Toll),

which is likely to or purports or threatens to restrain, prohibit, impede or otherwise adversely affect the making of the Offers, the acquisition of the Patrick Shares by Toll, the rights of Toll in respect of Patrick and the Patrick Shares or the continued operation of the businesses of Toll, Patrick or their subsidiaries (other than any action or decision by or application to the Australian Securities and Investments Commission or the Takeovers Panel in exercise of the powers or discretions conferred by the *Corporations Act*).

(e) **(No material adverse change):** that, between the Announcement Date and the end of the Offer Period:

(i) no act, fact, matter, event or circumstance occurs, is announced, becomes public or otherwise becomes known to Toll, which has, will or is reasonably likely to result in a material adverse change in or in relation to Patrick, a subsidiary of Patrick or the assets, liabilities, structure, operation, business, financial or trading position or performance, profitability or prospects of Patrick or its subsidiaries; and

(ii) Toll does not become aware that any document filed by or on behalf of Patrick with any Regulatory Authority prior to the Announcement Date contains a material inaccuracy or is misleading (whether by omission or otherwise) in a material respect;

(f) (**Material contracts**): that, between the Announcement Date and the end of the Offer Period, no person exercises or purports to exercise, or states an intention to exercise, any rights under any provision of any agreement or other instrument to which Patrick or any subsidiary of Patrick is a party, or by or to which Patrick or any subsidiary of Patrick or any of its assets may be bound or subject, and which is material to Patrick (being any agreement or instrument with a value of at least $100 million or with a term of longer than 3 years) which has or will or is likely to result in:

(i) any monies borrowed by Patrick or any subsidiary of Patrick being or becoming repayable or being capable of being declared repayable immediately or earlier than the repayment date stated in such agreement or instrument;

(ii) any such agreement or other instrument being terminated or modified or any action being taken or claim arising thereunder;

(iii) the interest of Patrick or any subsidiary of Patrick in any firm, joint venture, trust, corporation or other entity (or any arrangements relating to such interest) being terminated, modified or required to be transferred or redeemed; or

(iv) the business of Patrick or any subsidiary of Patrick with any other person being adversely affected, as a result (directly or indirectly) of the acquisition or proposed acquisition of Patrick Shares by Toll.

(g) **(No material transactions)**: that, except in accordance with any public announcement by Patrick before the Announcement Date, none of Patrick or any of its subsidiaries does any of the following between the Announcement Date and the end of the Offer Period:

(i) purchases or otherwise acquires, sells or otherwise disposes of, or offers or agrees to purchase, acquire, sell or dispose of, any property or assets (or any right, title or interest therein) the total consideration for which, or value of which, exceeds or would exceed $100 million in aggregate;

(ii) sells or otherwise disposes of Virgin Blue shares (including by way of transfer to a related body corporate of Patrick) representing more than 1% of the total number of Virgin Blue shares on issue;

(iii) enters into, or offers or agrees to enter into, any other agreement, arrangement, joint venture, partnership or other commitment of any kind which would require expenditure, or the foregoing of revenue, of an amount which exceeds or would exceed $100 million in aggregate;

(iv) declares or pays any dividends (other than in the ordinary course) or other distributions of profits or capital to any Patrick shareholder;

(v) amends its constitution or the terms of issue of any shares, options or other convertible securities;

(vi) does or permits to occur any material act, fact, matter, event or circumstance which is not in the ordinary course of business; or

(vii) resolves or announces an intention to do any of the things referred to in paragraphs (i) to (vi) above;

(h) **(No Prescribed Occurrences)**: that, between the Announcement Date and the end of the Offer Period, none of the events listed in sections 652C(1)(a) to (h) inclusive and 652C(2)(a) to (e) inclusive of the *Corporations Act* occur (other than the issue of Patrick Shares pursuant to the exercise or conversion of options or other securities which had been issued and notified to ASX prior to the Announcement Date);

(i) **(Interest in Patrick)**: that between the Announcement Date and the end of the Offer Period, no person (other than Toll or any subsidiary of Toll) acquires a relevant interest in more than 20% of Patrick Shares; and

(j) **(Stock and financial markets)**: that between the Announcement Date and the end of the Offer Period, the S&P/ASX 200 Index does not fall below 3,750 at any time on any ASX trading day.

The full text of these conditions will be set out in Toll's Offer and Bidder's Statement. Toll reserves the right to waive any or all of these conditions in accordance with the *Corporations Act*.