



Toll Holdings Limited
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14 July 2008

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

Lodged Through ASX On Line
Total No. of Pages:4

Dear Sir

MEDIA RELEASE – Toll To Pay *In Specie* Dividend Of Virgin Blue Shares

Please find attached a media release for immediate release to the market.

Yours faithfully
TOLL HOLDINGS LIMITED


Bernard McInerney
Company Secretary

Encl.



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MEDIA / ASX RELEASE

TOLL TO PAY *IN SPECIE* DIVIDEND OF VIRGIN BLUE SHARES

Toll Holdings, the Asian region's leading provider of integrated Logistics Solutions today advised that it would pay a special dividend to shareholders to be satisfied by shares in Virgin Blue Holdings.

Toll Managing Director, Paul Little said, that the *in specie* dividend was a compelling transaction for both Toll and Virgin Blue shareholders, and would enable both companies to better pursue their own development strategies.

Toll has previously stated that it was not a long-term holder of Virgin Blue. This separation will strengthen Toll's balance sheet and allow it to focus on growing its core global logistics business, while retaining links to Virgin Blue through its long-term freight agreement.

The separation will also benefit Virgin Blue shareholders by significantly increasing the liquidity in Virgin Blue shares and giving the Virgin Blue board and management greater freedom to pursue its long-term growth ambitions.

Under the separation Toll shareholders will receive one Virgin Blue share for each Toll ordinary share held. The dividend will be a demerger dividend for income tax purposes and accordingly will not be treated as assessable income and will not be franked. Ordinary shareholders will however be required to allocate the cost base of their current Toll shareholding between Toll and Virgin Blue based on the relative market value of Toll shares and Virgin Blue shares.

The value of the dividend will be determined by the 5 day VWAP of Virgin Blue shares immediately preceding the dividend payment.

A summary setting out the timetable for distribution of the dividend and the income tax consequences is attached.

Mr Little said that Toll's core logistics operations are performing in line with the company's forecasts and major costs remain well controlled. In particular, fuel surcharging is proving effective in managing fuel price volatility. The group is in excellent shape to tackle any economic downturn, and to take advantage of opportunities which will no doubt arise. We have made a number of value enhancing acquisitions over the past few months, and will continue to actively pursue transactions as they present themselves.

"In addition to the continued growth in Australia and New Zealand, we have made solid progress in developing and integrating the company's global forwarding platform and improving Toll Asia's growth profile" said Mr Little.

Toll Chief Financial Officer, Neil Chatfield said "The strength of Toll's balance sheet following the Virgin Blue distribution together with the recently completed sale of the New Zealand rail and



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ferry operations, positions the company extremely well to take advantage of lower acquisition valuations becoming available in the sector”.

Toll’s current net debt, including reset preference shares, after these transactions is approximately \$650 million, and provides the company with significant funding capacity to pursue its growth strategy.

The company will reduce the value of its investment in Virgin Blue down to the market value based on the current share price of Virgin Blue and will provide for the special dividend. Both of these actions will be included in the company’s June 2008 financial statements, resulting in a non cash charge to current year profit of approximately \$1.3 billion and a provision for dividend of approximately \$330 million.

The special dividend does not impact the Company’s ability to pay ordinary or RPS dividends in future and will not affect the Company’s dividend franking balance.

“We are currently reviewing a number of exciting acquisition opportunities within the region and in support of the development of our Global Forwarding strategy,” said Mr Chatfield.

Toll will release its 2008 full year results on 26 August, 2008.

Toll is being advised by Goldman Sachs JBWere and Deutsche Bank

For further information contact;

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TOLL TO PAY *IN SPECIE* DIVIDEND OF VIRGIN BLUE SHARES

ATTACHMENT

TIMETABLE

- | | |
|------------------------------------|----------------|
| • Announcement | 14 July 2008 |
| • Ex-Dividend date | 17 July 2008 |
| • Record Date | 23 July 2008 |
| • Shareholder materials dispatched | 25 July 2008 |
| • Share Distribution date | 22 August 2008 |

INCOME TAX SUMMARY FOR TOLL SHAREHOLDERS

How do I treat the VB dividend?

The VB dividend **will not** be included in your taxable income.

How do I calculate the cost base and reduced cost base of my Toll Shares and VBA Shares?

The cost base of your VBA Shares is not the amount of the VB dividend. You need to apportion the cost base of your Toll Shares between your Toll Shares and VBA Shares. The cost base is generally the amount you paid to acquire your shares, together with any incidental costs.

Toll will advise shareholders of the 5 day VWAP of Toll Shares and VBA Shares to assist shareholders in the apportionment process.

What happens if I sell some or all of my Toll Shares after the VB dividend?

If you sell any of your Toll Shares, you calculate your capital gain (or capital loss) by reference to the apportioned cost base of your Toll Shares.

If you are an individual or complying superannuation fund who has held your Toll Shares for more than 12 months you may be entitled to use the discount method in working out your capital gain when you sell your Toll Shares. Alternatively, if you acquired your Toll Shares before 22 September 1999 you may instead be able to claim cost base indexation until the September 1999 quarter.

What happens if I sell some or all of my VBA Shares after the VB dividend?

If you sell any of your VBA Shares, you calculate your capital gain (or capital loss) by reference to the apportioned cost base of your VBA Shares.

If you are an individual or complying superannuation fund who has held your original Toll Shares and VBA Shares for more than 12 months in total at the time the VBA Shares are sold you may be entitled to use the discount method in working out your capital gain when you sell your VBA Shares. Alternatively, if you acquired your Toll Shares before 22 September 1999 you may instead be able to claim cost base indexation until the September 1999 quarter.