



GOING PLACES

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

TOLL HOLDINGS LIMITED ABN 25 006 592 089

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, 28 October 2004 at 11 am.

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 2004 and the related Directors' Report, Directors' Declaration and Auditors' Report.

Item 2 – Re-election of Mr Neil Chatfield as a Director

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

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

Item 3 – Re-election of Mr Ross Dunning as a Director

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

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

Item 4 – 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 18 March 2004 of 2,000,000 ordinary shares at an issue price of \$9.45 per share.'

Item 5 – Amendments to Constitution

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

'That for the purposes of section 136 of the "Corporations Act", and for all other purposes, the Company modify the Constitution of the Company as follows:

- (a) by replacing all references to "Corporations Law" with "Corporations Act";
- (b) by deleting the definition of "Corporations Law" in Article 1.1;
- (c) by inserting a definition of "Corporations Act" in Article 1.1 as follows:
"Corporations Act" means the Corporations Act 2001 (Commonwealth), except to the extent of any exemption, modification, declaration or order made in respect of that legislation which applies to the Company";
- (d) by deleting the word 'and' in Article 1.2(j);
- (e) by replacing the full-stop at the end of Article 1.2(k) with a semicolon;
- (f) by inserting a new Article 1.2(l) as follows:
'a reference to something being "written" or "in writing" includes that thing being represented or reproduced in any mode in a visible form; and'
- (g) by inserting a new Article 1.2(m) as follows:
'where a notice or document is required by this Constitution to be signed, that notice or document may be authenticated by any other manner permitted by the "Corporations Act" or any other law, instead of being signed.'

- (h) by deleting Article 1.3(a);
- (i) by deleting Article 1.3(d);
- (j) by renumbering Article 1.3(b) as Article 1.3(a);
- (k) by renumbering Article 1.3(c) as Article 1.3(b);
- (l) by inserting in Article 22.11(a) after the words *"If all of the Directors' the words 'who are reasonably contactable";*
- (m) by deleting the word 'and' in Article 22.11(b)(iii);
- (n) by replacing the full-stop at the end of Article 22.11(b)(iv) with a semicolon;
- (o) by inserting new Article 22.11(b)(v) as follows:
'The Directors will not pass a resolution under Article 22.11(a) until the Company has used best endeavours for a reasonable period to contact all of the Directors.'
- (p) by deleting the word 'or' in Article 33.1(a)(iii);
- (q) by replacing the full-stop at the end of Article 33.1(a)(iv) with a semicolon;
- (r) by inserting a new Article 33.1(a)(v) as follows:
'if permitted by the "Corporations Act", by sending it by other electronic means (if any) nominated by that Recipient; or';
- (s) by inserting a new Article 33.1(a)(vi) as follows:
'by any other means permitted by the "Corporations Act."';
- (t) by inserting into the heading of Article 33.6 as follows:
'or other means permitted by the "Corporations Act";
- (u) by numbering the text in existing Article 33.6 as '33.6(a)';
- (v) by replacing the full-stop at the end of new Article 33.6(a) with a semicolon;
- (w) by inserting a new Article 33.6(b) as follows:
'If the "Corporations Act" permits a notice of meeting to be given to a Member by notifying the Member (using the nominated electronic notification means of that Member):
(i) that the notice of meeting is available; and
(ii) how the Member may use the nominated electronic access means of that Member to access the notice of meeting, the notice of meeting is taken to be given on the Business Day after the day on which the Member is notified that the notice of meeting is available.'
- (x) by replacing "1089(2)" in clause 16(d)(ii) of Schedule 1 with "1070D(5)".'

Item 6 – Approval of grant of options to Mr Paul Little under the Senior Executive Option Plan

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

'That the Company approves the grant under the Senior Executive Option Plan of 500,000 options to Mr Paul Little as described in the Explanatory Memorandum accompanying the Notice convening this meeting.'

Item 7 – Approval of grant of options to Mr Mark Rowsthorn under the Senior Executive Option Plan

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

'That the Company approves the grant under the Senior Executive Option Plan of 500,000 options to Mr Mark Rowsthorn as described in the Explanatory Memorandum accompanying the Notice convening this meeting.'

Item 8 – Approval of grant of options to Mr Neil Chatfield under the Senior Executive Option Plan

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

'That the Company approves the grant under the Senior Executive Option Plan of 350,000 options to Mr Neil Chatfield as described in the Explanatory Memorandum accompanying the Notice convening this meeting.'

Item 9 – Approval of benefits payable on termination under a new executive service deed for Mr Paul Little

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

'That for the purposes of 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 terms of an executive service deed proposed to be entered into following shareholder approval at this meeting 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 4, by any person who participated in the issue of shares for which approval is sought and associates of such persons; and
- in respect of Items 6, 7 and 8, by Messrs Paul Little, Mark Rowsthorn, Neil Chatfield and any other Director of the Company who is eligible to participate in an employee incentive scheme of the Company and their respective associates.

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 McInerney

Company Secretary

Dated this 15th day of September 2004

SEE IMPORTANT NOTES OPPOSITE

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 26 October 2004.

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 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.

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 +61 3 9473 2555 or to the Company on +61 3 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 9 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, 28 October 2004 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 9 be passed and recommend that you vote in favour of each resolution.

Item 1 – Accounts

The Corporations Act 2001 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 will be available to take shareholders' questions and comments about the conduct of the audit and the preparation of the Auditor's Report.

Item 2 – Re-Election of Neil Chatfield as a Director

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

Neil Chatfield FCPA joined Toll in 1997 as Chief Financial Officer of the Company and currently holds that position. On 29 July 1998 he was appointed to the Board.

In his role as Chief Financial Officer of the Toll Group, Neil has primary responsibility for financial management and capital raising. He is a member of the Risk Management Committee and monitors Toll's risk profile. He has also overseen the due diligence, financial accommodation and integration of the Group's numerous acquisitions.

Prior to joining Toll, Mr Chatfield worked for the Australian Coal Industry as Chief Financial Officer with the Cyprus Australia Coal Group, and the American Metals and Coal International Group. Prior to this he held various senior financial roles within TNT listed associated company, Mcllwraith McEacham Ltd.

Mr Chatfield has a Masters of Business in Finance and Accounting, has undertaken post-graduate studies in information technology and accounting, and is a Fellow of the Australian Society of Certified Practising Accountants.

Item 3 – Re-Election of Ross Dunning as a Director

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

Ross Dunning AC, BE (Hons), B Com, FIE Aust, FIRSE, FCIT, MAICD is a professional company director and management consultant.

Ross joined the Board in July 2001 and is Chairman of the Audit and Financial Risk Committee and a member of the Nomination and Corporate Governance and Remuneration and Succession Planning Committees of the Board.

He was appointed Chief Executive Officer and Managing Director of Evans Deakin Industries Ltd in 1994 and retired in 2001. He has had extensive experience in rail related activities and was appointed Commissioner for Railways (Qld) in 1989. Subsequently, he served the Queensland Government as Director-General of Administrative Services from 1990 to 1994.

Currently, Ross is Chairman of Port of Brisbane Corporation, Queensland Energy Resources Limited, Australia Trade Coast and Central Queensland Ports Authority and is a Director of Brisbane Airport Corporation and Australian Infrastructure Fund Limited.

Item 4 – 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 2,000,000 ordinary shares in the Company. On 18 March 2004, the Company issued 2,000,000 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 \$9.45 per share, pursuant to a placement representing the approximate Dividend Reinvestment Plan shortfall from the Company's interim 2004 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 2,000,000 shares to issue more equity securities in the future, within the 15% limit, without shareholder approval.

Item 5 – Amendments to Constitution

The proposed amendments to the Constitution replace references to the 'Corporations Law' with the 'Corporations Act', vary the circumstances in which directors can pass a written resolution and reflect recent changes to the 'Corporations Act'.

The changes to the 'Corporations Act' allow companies to offer shareholders the option of accessing notices by a wider range of electronic facilities. Shareholders are able to nominate an electronic 'notification' and also an electronic 'access means', which Toll could use to distribute notices as an alternative to traditional forms of distribution. Additionally, the changes permit electronic authentication mechanisms for authentication of proxy appointments other than signature.

Accordingly, Resolution 5 seeks approval to modify the Company's Constitution to bring it up to date with the recent amendments to the 'Corporations Act'.

Items 6 and 7 – Approval of grant of options under the Senior Executive Option Plan to Messrs Paul Little and Mark Rowsthorn

Approval is sought pursuant to ASX Listing Rule 10.14 to the grant of 500,000 options to each of Paul Little and Mark Rowsthorn, who are Executive Directors of the Company, pursuant to the Senior Executive Option Plan of the Company (the 'Executive Plan'). All Executive Directors of the Company, namely Paul Little, Mark Rowsthorn and Neil Chatfield, are entitled to participate in the Executive Plan. The options will be granted to Messrs Little and Rowsthorn within 15 business days of the Annual General Meeting.

As previously indicated to shareholders, the Board considers that the Executive Plan forms an integral part of effectively rewarding and incentivising executive management. Through the Executive Plan, the Company has aligned its performance with the long term incentive arrangements of its executives. Since the adoption of the Executive Plan by shareholders in July 1999, the Company's share price has risen from \$1.41 to over \$11, an increase of more than 7 times in just over 5 years.

ASX Listing Rules

ASX Listing Rule 10.14 provides that an entity must not permit a Director to acquire securities under an employee incentive scheme without the approval of holders of ordinary securities of the acquisition. Accordingly, approval is being sought at the upcoming meeting for the purpose of Listing Rule 10.14.

Terms of the options

The principal terms of the options of each of the proposed grants are as follows:

- the exercise price of the options will be the market value of the Company's ordinary shares determined on the day the options are granted. For that purpose, the market value will be the weighted average of the prices at which those shares were traded on the

Australian Stock Exchange during the 5 trading days up to the date of grant.

- the options will have an issue price per option of the market value of the option, as determined in accordance with Division 13A of the Income Tax Assessment Act 1936. There will be no loan to the executive to fund the issue price of the options.
- the options can only be exercised three years after they are granted and will expire after five years if not previously exercised. If any options are not exercised, the Company may, immediately before the expiry of the option, buy-back the option for an amount equal to the issue price paid for the option.
- the Company will impose an exercise hurdle which must be satisfied before the options can be exercised. For this purpose, the Company's performance will be measured by reference to total shareholder return ('TSR') which is the growth in the Company's ordinary share price plus dividends over the three year period from the date of grant. The TSR performance hurdle is to be based on the Company's TSR relative to the TSR of the companies comprising the S&P ASX 100 at the start of a performance period (excluding banks, oil and gas and metals and mining companies) ('the Comparator Group') as described below:
 - If the Company's percentile TSR ranking is below the 50th percentile (that is, in the bottom 50% of the Comparator Group), no options vest.
 - If the Company's percentile TSR ranking is equal to the 50th percentile, then 50% of the options would vest and if the Company's TSR ranking is equal to the 75th percentile or better (that is, the Company is ranked in the top 25%), then 100% of the options vest. Options would vest on a 'straight-line' basis between the 50th and 75th percentile rankings, so that, for example, a TSR ranking equal to the 65th percentile would mean that 80% of the options would vest.
 - For ease of administration, the performance period will be three years starting 1 July 2004 and ending on 30 June 2007 at which time the Company's performance will be tested. If all of the options granted in 2004 do not vest at this initial test, performance will be re-tested six months later, that is, on 31 December 2007 in respect of the Company's performance over the three and a half year period ending on 31 December 2007. Further, if all the options granted in 2004 do not vest at this second test, performance will be tested a third time, six months later on 30 June 2008 in respect of the Company's performance over the four year period ending on 30 June 2008.
 - Any options not vested at the third test will lapse.
 - Once options have vested, there is no claw back in future re-tests.

In accordance with the ASX Listing Rules, the Company is also required to inform shareholders of the names of persons who have been granted options under the Executive Plan pursuant to the approval most recently given by shareholders. Shareholders last approved a grant of

EXPLANATORY MEMORANDUM FOR SHAREHOLDERS (CONTINUED)

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options under the Executive Plan at the General Meeting of the Company on 31 October 2002. Pursuant to that approval, 800,000 options over ordinary shares in the Company were granted to each of Paul Little and Mark Rowsthorn on 31 October 2002 at an option issue price of \$1.3803 and an exercise price of \$6.5575, and 480,000 options over ordinary shares in the Company were granted to Neil Chatfield on 31 October 2002 with no option issue price and an exercise price of \$6.7525.

Item 8 – Approval of grant of options under the Senior Executive Option Plan to Mr Neil Chatfield

Approval is sought pursuant to ASX Listing Rule 10.14 to the grant of 350,000 options to Neil Chatfield, who is an Executive Director of the Company, pursuant to the Executive Plan. As noted above, all Executive Directors of the Company, namely Paul Little, Mark Rowsthorn and Neil Chatfield, are entitled to participate in the Executive Plan. The options will be granted to Mr Chatfield within 15 business days of the Annual General Meeting.

It is proposed that the options be granted to Mr Neil Chatfield on the same terms as the options to be granted to senior management of the Company which were approved by the Board on 9 September 2004. As shareholder approval is required for the grant of options over ordinary shares in the Company to a director of the Company, the Board of Directors of the Company has decided to defer the grant of options to Mr Chatfield, on the same terms as the grant of options to eligible senior management as approved on 9 September 2004, until after this Annual General Meeting of the Company at which shareholder approval is sought.

The principal terms of the options for the proposed grant are as follows:

- the exercise price of the options will be \$10.95 per option. This is the weighted average of the prices at which the Company's ordinary shares were traded on the Stock Exchange during the 5 trading days up to and including 8 September 2004.
- there will be no issue price for the options.
- the options may be exercised, subject to satisfaction of the exercise hurdle described below, at any time after 8 September 2007 and will expire on 8 September 2009.
- the Company will impose an exercise hurdle which must be satisfied before the options can be exercised. For this purpose, the Company's performance will be measured by reference to total shareholder return ('TSR') which is the growth in the Company's ordinary share price plus dividends over the three year period from the date of grant. The TSR performance hurdle is to be based on the Company's TSR relative to the TSR of the companies comprising the S&P ASX 100 at the start of a performance period (excluding banks, oil and gas and metals and mining companies) ('the Comparator Group') as described below:

- If the Company's percentile TSR ranking is below the 50th percentile (that is, in the bottom 50% of the Comparator Group), no options vest.
- If the Company's percentile TSR ranking is equal to the 50th percentile, then 50% of the options would vest and if the Company's TSR ranking is equal to the 75th percentile or better (that is, the Company is ranked in the top 25%), then 100% of the options vest. Options would vest on a 'straight-line' basis between the 50th and 75th percentile rankings, so that, for example, a TSR ranking equal to the 65th percentile would mean that 80% of the options would vest.
- For ease of administration, the performance period will be three years starting 1 July 2004 and ending on 30 June 2007 at which time the Company's performance will be tested. If all of the options granted in 2004 do not vest at this initial test, performance will be re-tested six months later, that is, on 31 December 2007 in respect of the Company's performance over the three and a half year period ending on 31 December 2007. Further, if all the options granted in 2004 do not vest at this second test, performance will be tested a third time, six months later on 30 June 2008 in respect of the Company's performance over the four year period ending on 30 June 2008.
- Any options not vested at the third test will lapse.
- Once options have vested, there is no claw back in future retests.

The names of persons who have been granted options under the Executive Plan pursuant to the approval most recently given by shareholders on 31 October 2002 are set out above in relation to Items 6 and 7.

Item 9 – Approval of benefits payable on termination under a new executive service deed for Mr Paul Little

Background

This resolution seeks shareholder approval for certain termination payments which may become payable to Paul Little under the terms of a new executive service deed proposed to be entered into between Mr Little and the Company following shareholder approval of this resolution.

The service deed will provide for certain payments to be made to Mr Little if the service deed is terminated in various circumstances. Details of the termination events and payments which may be made to Mr Little are set out below.

Shareholder approval is being sought for the termination payments under section 200E of the 'Corporations Act'. 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 payment 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 amounts of the termination payments provided in Mr Little's proposed new deed are significantly less than the prescribed multiple. However, the Board has received legal advice that the payments do not technically fall within any of the categories of exception set out in the 'Corporations Act'.

The Board has formed the view that neither the circumstances in which the payments may become payable to Mr Little nor the amount of the payments are 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 make such payments in order to be able to retain the services of Mr Little for at least a further 3 years. The Board has therefore decided to seek shareholder approval of these payments.

Section 200E of the 'Corporations Act' requires that where shareholders are being asked to approve a payment or other benefit to a director that would otherwise be prohibited by section 200B, shareholders must be given details of the amount of the payment, or, if the amount cannot be ascertained at the time of the disclosure, the manner in which the amount is to be calculated and any matter, event or circumstance that will, or is likely to affect the calculation of the amount. The amount of any payment or other benefit that may be made to Mr Little in connection with his retirement or removal from office depends on both his remuneration at the time that he ceases to hold office and the circumstances in which he ceases to hold office. To provide shareholders with full details of the way in which the termination payments may be calculated, the following sections summarise the remuneration payable to Mr Little and the way that remuneration may be adjusted during the term of the service deed. These sections also set out the circumstances in which termination payments and other benefits may be made and how the amount of the payments and other benefits relate to Mr Little's remuneration.

Remuneration structure

Under the terms of the proposed new service deed, Mr Little's remuneration will comprise annual fixed remuneration inclusive of superannuation and fringe benefits.

Mr Little's remuneration will also comprise variable remuneration in the form of annual short term incentive payments determined by the Board in consultation with Mr Little for each financial year. The actual amount of the short term incentive payment in any year will be determined by the Board by assessment of Mr Little's performance against financial and non-financial targets agreed by the Board in consultation with Mr Little at the start of each financial year.

Mr Little is also entitled to long term incentives in the form of options granted under the Senior Executive Option Plan of the Company, subject to shareholder approval (refer Item 6 above).

Mr Little's remuneration will be reviewed by the Board annually taking into account the performance of Mr Little in the preceding year and by reference to market conditions as advised by remuneration consultants.

Termination events and calculation of payments

Set out below are the circumstances in which Mr Little's service deed may be terminated and details of payments and other benefits that Mr Little may be entitled to receive as a result of such termination.

Resignation

On or after the second anniversary of the commencement date of the deed, Mr Little may resign by giving 12 months written notice. In this case Mr Little will, provided he remains in the Company's employment for the full 12 months notice period, be paid on termination the value of 6 months fixed remuneration in the year of termination of employment and the short term incentive payments referred to below.

Termination by notice from the Company

The Company may terminate Mr Little's employment at any time:

- (a) by giving him 12 months written notice, in which case Mr Little will, provided he remains in his employment for the full 12 month notice period, be paid on termination the value of 6 months fixed remuneration in the year of termination of employment and the short term incentive payments referred to below; or
- (b) by paying him in lieu of notice the value of 18 months fixed remuneration in the year of termination of employment and the short term incentive payments referred to below.

Ceasing employment during notice period

If either the Company or Mr Little has given 12 months written notice of termination of employment and the Company during the notice period requires Mr Little to cease employment, the Company will pay Mr Little the value of fixed remuneration for the remainder of the notice period plus the value of 6 months fixed remuneration in the year of termination of employment and the short term incentive payments referred to below.

Short term incentives following termination

If Mr Little's employment is terminated other than summarily, then he will also be entitled to receive payments relating to his short term incentives, in addition to any such payments which have accrued prior to termination but have not yet been paid, as follows:

- (a) where notice of termination is given by Mr Little or the Company and Mr Little continues to work throughout the whole notice period performing his usual duties:
 - (i) a pro rata amount for the year in which termination occurs calculated, where measurable, by reference to the extent to which Mr Little has met the short term incentive payment targets set for him in that financial year; and
 - (ii) a pro rata amount in respect of a period of six months calculated, where measurable, by reference to the extent to which Mr Little has met the short term incentive payment targets set for him in that financial year; or

EXPLANATORY MEMORANDUM FOR SHAREHOLDERS (CONTINUED)

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- (b) where notice of termination is given by Mr Little or the Company and Mr Little continues to work throughout the whole notice period but performing alternative duties as nominated by the Board, an amount in respect of:
- (i) a period of 12 months: plus
 - (ii) an additional period of six months,
- each calculated pro rata by reference to Mr Little's short term incentive payment targets for that financial year and the extent to which Mr Little has met his short term incentive targets over the 3 previous completed financial years; or
- (c) where notice of termination is given by the Company or Mr Little and during that notice period the Company requires Mr Little to cease employment:
- (i) a pro rata amount for the period from the commencement of that financial year to the date of ceasing employment calculated, where measurable, by reference to the extent to which Mr Little has met the short term incentive payment targets set for him in that financial year; and
 - (ii) a pro rata amount based on the amount of time remaining in the notice period calculated by reference to Mr Little's short term incentive payment targets for that financial year and the extent to which Mr Little has met his short term incentive targets over the 3 previous completed financial years; and
 - (iii) a pro rata amount in respect of a 6 month period calculated by reference to Mr Little's short term incentive payment targets for that financial year and the extent to which Mr Little has met his short term incentive targets over the 3 previous completed financial years; or
- (d) where the Company terminates Mr Little's employment by paying him the value of 18 months fixed remuneration in lieu of notice, an amount in respect of a period of 18 months calculated pro rata by reference to Mr Little's short term incentive payment targets for that financial year and the extent to which Mr Little has met his short term incentive targets over the 3 previous completed financial years.

If the resolution is not passed

If the resolution is not passed then Mr Little's new service deed will not be executed and the Board will seek to negotiate alternative arrangements with Mr Little. There is no guarantee that the Board will be successful in such negotiations. If no alternative arrangements are agreed, then Mr Little's employment with the Company will continue on its current terms which includes no fixed tenure period.

Directors' recommendation

All Directors, with the exception of Mr Little in abstention, recommend that shareholders vote in favour of resolution 9. 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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