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Toll acts to protect Pacific National

Toll has today commenced proceedings in the Supreme Court of Victoria to protect its Pacific National rail joint venture from attempts by Patrick to destroy its underlying value.

"To protect and enhance shareholder value and ensure the continued growth and competitiveness of Pacific National we had no choice but to take decisive legal action," Toll Managing Director Paul Little said.

Toll's wholly owned subsidiary Toll Rail Investments Pty Ltd today initiated proceedings in the Supreme Court of Victoria against Patrick Rail Investments Pty Ltd (a wholly owned subsidiary of Patrick Corporation), Chris Corrigan and Alan Davies in relation to their further oppressive conduct with respect to the operations of Pacific National.

Mr Little said the Pacific National dispute had been contrived by Patrick representatives ever since Toll announced its hostile takeover bid for Patrick Corporation.

"Since the takeover was announced Patrick representatives have waged a verbal, legal, and media assault on Pacific National as a takeover defence tactic and in the apparent belief that by commercially damaging Pacific National they could force Toll to agree to a break-up on Patrick's terms," Mr Little said.

"That will not happen," he said

The proceedings allege that Patrick, Mr Corrigan and Mr Davies had engaged in oppressive conduct in relation to Pacific National, in particular by:

- frustrating Toll's attempts to progress the appointment of a new Chief Executive Officer to replace Stephen O'Donnell;
- attempting to frustrate the appointment of a replacement responsible officer for the purposes of rail safety legislation, seriously threatening Pacific National's business; and
- threatening to commence the winding up of Pacific National in circumstances where that threat had the potential to also damage Pacific National's business.

The proceedings seek the removal of Mr Corrigan and Mr Davies as directors of Pacific National and an injunction restraining Patrick from commencing proceedings seeking to wind up Pacific National.

"This is not an action that Toll has taken lightly. Mr Corrigan and Mr Davies have abused their positions in an attempt to injure Pacific National and Toll contrary to the interests of shareholders and other stakeholders in Pacific National," Mr Little said.

"We cannot allow this to continue. This is a scorched-earth takeover defence that has the potential to destroy value in Pacific National. Patrick have subsequent to receiving our proceedings earlier today now commenced proceedings seeking to wind up Pacific National. This extraordinary conduct validates our actions today." Mr. Little said.

"Toll has consistently opposed any break-up of Pacific National and will continue to do so believing it to be without legal merit and contrived with the aim of forcing Toll to accept a break-up of Pacific National against the best interests of Patrick and Toll shareholders."



Mr Little said that despite Mr Corrigan's attempts to undermine Pacific National, the business and staff continued to operate strongly and effectively - a testament to the resilience and strength of Pacific National, its people and customers. Toll will continue to at all times act in the best interest of Pacific National and will continue to support its management team.

He said "the proposed acquisition of Australian Railroad Group by Queensland Rail represents an enormous shift in the competitive environment for the rail industry and Pacific National operations."

"In this context, Patrick's supposed strategy to break up Pacific National would create sub-scale operations that would be dwarfed by Queensland Rail and less capable of competing effectively."

Toll would welcome Patrick representatives to the Pacific National board who were genuinely committed to growing the business and its value.

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