

Tammy Solomon

From: William Peet [William.Peet@ontrack.govt.nz]
Sent: Friday, 18 January 2008 16:53
To: Pat Bowler
Subject: FW: Yesterday's Meeting

Regards,

William Peet
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From: David Jackson [mailto:djackson@tollnz.co.nz]
Sent: Friday, 18 January 2008 8:57 a.m.
To: William Peet
Cc: Grant Devonport
Subject: Yesterday's Meeting

Dear William,

We have reflected on yesterday's meeting and must say we are extremely disappointed and concerned on a number of fronts.

Your letter of 21 December set out a process in order to try and get a resolution on value that would be acceptable to both the Crown and Toll Holdings. The first part of that process was for Toll to present the support for its valuation of around \$1 billion. We did this, and recognizing that there would be a significant gap between the valuation ranges, we also suggested some ways of how the valuation gap could be closed. Instead of a positive response to work through these suggestions, we were met with continued pushback on the assumptions around the TAC and apart from being asked to provide further detail around Wellington land release, you rejected our suggestions without providing any real rationale and without providing any other ways of bridging the gap.

On this basis we are concerned that the Crown is not serious about paying a fair price for the Toll business. We reiterate that Toll is able and willing to deal, but the Crown as the Buyer must demonstrate its intentions by looking at the real value of the Toll business in Crown hands, and provide a more serious valuation range to enable 'good faith' negotiations to take place.

Regards

David Jackson