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15 February 2008

William Peet
Chief Executive Officer
Ontrack
P.O. Box 593
Wellington

Dear William,

I refer to your letter of today received at 12:35pm.

Despite now 3 separate attempts to understand further detail behind your new indicative offer of \$575m, including a copy of your valuation model, you haven't even paid us a courtesy of a full response.

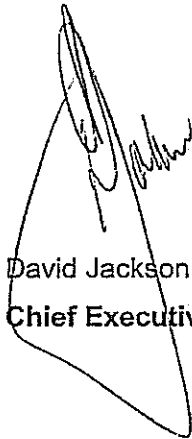
You have also given us little confidence in your valuation around Tranzlink with your comments, "...we would expect a business like TTL to sell for an EBIT multiple of 8-12, though of course it could be lower or higher."

We also take exception to your comments around our requests on the value of TTL "...as a commercial tactic by Toll...", when we have in good faith provided to you information on both TTL business as it is today, and how we believe it may look in the future, post a purchase of Rail/ Ferry businesses by the Crown. You have in return shown little good faith in sharing your views as to how TTL may look and be valued in the future based on your view of how you would run the Rail business differently.

We have reiterated our view to you that a valuation of \$1 billion for the whole of the equity in Toll NZ is justified by independent and market support, and we have previously indicated in our letter of 8th February that your offer does not represent full value for the Toll NZ business. However in order to conclude an outcome we are prepared, using your indicative valuation of TTL at \$80m, to respond to your indicative offer of \$575m with a counter of \$930m gross for the equity of Toll NZ or \$850m net for the equity of Toll NZ exclusive of TTL. We believe this represents a significant concession based on the valuation support we have for the business.

We look forward to your response.

Yours sincerely

A handwritten signature in black ink, appearing to read 'David Jackson', is written over a large, irregular, hand-drawn scribble or outline.

David Jackson
Chief Executive Officer