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15 February 2008

David Jackson  
Chief Executive Officer  
Toll NZ Consolidated Limited  
Level 17, HSBC Building  
1 Queen St  
AUCKLAND

Dear David

Further to our phone call this morning and your letter yesterday.

You continue to ask for a business value net of TTL, even though it is Toll that asked for an offer for the whole business. We see these requests as a commercial tactic by Toll to continue negotiations around the value of the non-TTL business, either in whole or in parts.

To assist you, we confirm our earlier statements that we see the valuation for TTL as relatively simple. In a normal market transaction, 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.

From our perspective, if we reached an agreement on all other issues, a value at the lower end is likely to be acceptable. On the information you have given us, the enterprise value of TTL could be around \$80m.

If you believe that this approach does not reflect TTL's fair value, we would be open to considering a counteroffer for TTL (which would obviously be indicative and non-binding) within an acceptance of our revised indicative offer made last week.

You also raised the issue of rail's freight rates to TTL. We read your email to me of 23 January as showing TTL paying commercial market rates for land and rail freight services. We also agreed that to retain TTL's business, the new rail / ferry business would have to provide service and price that is competitive with TTL's road options. Clearly, that will be a due diligence matter for both of us.

The key issue that remains is for Toll Australia to indicate whether our revised indicative offer made last week is acceptable or not.

As discussed, I need your response today.

Yours sincerely

A handwritten signature in black ink, appearing to read 'W Peet', written in a cursive style.

William Peet  
Chief Executive