For personal use only

ASX/MEDIA RELEASE

Monday, 15 June 2009

NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES OR TO U.S. PERSONS

$2 billion Underwritten Equity Raising, Trading Update & Outlook

Asciano Group ("Asciano") today announces that it will undertake an issue of new stapled securities to raise underwritten gross proceeds of a minimum of $2 billion. The proceeds of the new issue will be applied primarily to the reduction of debt.

The decision to issue new equity was made at the conclusion of a comprehensive and detailed process which provided Asciano with a range of monetisation and/or recapitalisation options. The Board of Asciano made the decision to undertake the issue of new equity following a rigorous assessment of the other available alternatives.

Asciano has received a range of proposals to recapitalise the business and/or acquire one or more of Asciano's operating business units. These proposals, and the issue of new equity, were assessed against a range of criteria including:

- Pricing/level of proceeds;
- Impact on the ongoing earnings and growth profile of Asciano;
- Dilutive impact on existing Asciano securityholders;
- Timing and certainty of completion including banking and regulatory approvals; and
- Change of control implications.

Commenting on the decision to undertake the issue of new equity, Asciano's Chairman, Mr Tim Poole said, "Asciano was in the fortunate position of having a number of alternative proposals on the table. The decision to raise new equity was made only after considering the full range of factors. The Board of Asciano believes that this transaction represents the best overall outcome for securityholders. It also provides the platform for Asciano to undertake a comprehensive restructuring of its capital base."

Issue of New Stapled Securities

The issue of new stapled securities will be undertaken at a price of $1.10 per security, and will comprise four tranches:

i) 1-for-1 underwritten accelerated non-renounceable pro-rata entitlement offer to existing securityholders to raise approximately $769 million

- Offer will include a $330 million institutional component and a $439 million retail component
- Eligible retail securityholders may apply for new securities in excess of their

MELBOURNE
Level 6/380 St Kilda Road,
Melbourne VIC 3004 Australia
Telephone: +61 3 9284 4000
Facsimile: +61 3 9699 2869

SYDNEY
Level 6/15 Blue Street,
North Sydney NSW 2060 Australia
Telephone: +61 2 8484 8000
Facsimile: +61 2 8484 8154

Email: info@asciano.com.au
www.asciano.com
ABN: 26 123 652 862

For personal use only

entitlement

- Applications for excess securities by eligible securityholders will be satisfied to the extent there is a shortfall in the retail entitlement offer
- To the extent that there is significant unsatisfied demand in the retail entitlement offer, Asciano will consider conducting a Security Purchase Plan offer to eligible securityholders (subject to obtaining the necessary regulatory approvals)

ii) $231 million underwritten unconditional placement to professional and sophisticated investors

iii) $1,000 million underwritten conditional placement to professional and sophisticated investors

- Settlement of this tranche is subject to EGM approval by ordinary resolution

iv) Up to an additional $151 million through a non-underwritten conditional placement to Mark Rowsthorn

- By fully participating in the offer, Mark Rowsthorn may maintain, but cannot increase, his current 10.92% holding in Asciano
- Settlement of this tranche is subject to EGM approval by ordinary resolution

Mark Rowsthorn's current intention is to take up his entitlement under the entitlement offer and to apply for up to $151 million worth of securities in the non-underwritten conditional placement to maintain his current 10.92% holding in Asciano, subject in each case to securing the required level of funding and in the case of the conditional placement, requisite securityholder approval being obtained.

Issue Timetable

Event[1]	Date
Placement[2] and institutional entitlement offer opens	Monday 15 June 2009
Placement and institutional entitlement offer closes	Tuesday 16 June 2009
Record date to determine right to participate in the entitlement offer (Record Date)	Thursday 18 June 2009
Retail entitlement offer opens	Tuesday 23 June 2009
First close on retail entitlement offer (Initial Retail Closing Date)	Friday 26 June 2009
Settlement of unconditional placement and institutional entitlement offer	Tuesday 30 June 2009
Allotment and trading date of new securities issued under the unconditional placement, institutional entitlement offer and the retail entitlement offer (Initial Allotment)	Wednesday 1 July 2009
Retail entitlement offer closes (Final Retail Closing Date)	Monday 13 July 2009
Allotment of new securities issued under the retail entitlement offer (Final Allotment)	Tuesday 21 July 2009
Date of EGM to vote on conditional placements and trading date of new securities under the retail entitlement offer	Wednesday 22 July 2009
Settlement of conditional placements (if approved)	Friday 24 July 2009
Allotment and trading date of new securities issued under the conditional placements	Monday 27 July 2009

For personal use only

Notes:

1. *Timetable is subject to change in Asciano's absolute discretion. Asciano reserves the right to withdraw or vary the timetable for the Offer without notice in particular, Asciano reserves the right to extend the closing date for the Retail Entitlement Offer, to accept late applications either generally or in particular cases or to withdraw the Retail Entitlement Offer or the conditional placements without prior notice. The commencement of quotation of New Securities is subject to confirmation from ASX*
2. *Refers to both the unconditional and conditional placements*

Stock Lending and Other Transactions

Asciano expects to be granted a waiver by ASX so that, in determining securityholder entitlements for the Entitlement Offer, it may ignore any changes in securityholdings that occur after the commencement of the trading halt in stapled securities that commenced on 15 June 2009 (other than registrations of transactions that were effected through ITS before that halt).

Accordingly, a person who is a registered Asciano securityholder at the Record Date as a result of a dealing after the commencement of the trading halt in stapled securities that commenced on 15 June 2009 (other than registrations of transactions that were effected through ITS before that halt) may not be entitled to receive an entitlement under the Entitlement Offer.

In the event that an Asciano securityholder has existing Asciano securities out on loan at the Record Date, the borrower will be regarded as the securityholder for the purposes of determining the entitlement (provided that those borrowed securities have not been on-sold or used to cover a short sale).

Proposed Use of Proceeds

Net proceeds from the capital raising will be primarily used to reduce net debt. As summarised below, Asciano had in excess of $4.9 billion in drawn senior debt outstanding as at 31 May 2009, of which approximately $2.66 billion matures during the 2009/10 financial year.

Facilities[1]	Type	Maturity	Limit	Drawn 31 May 2009[1]
Facility A1	Term loan	May 2010	$2,250m	$2,250m
Facility A2	Term loan	May 2012	$2,250m	$2,250m
Facility B	Revolving credit	May 2010	$550m	$408m
Total bank facilities			$5,050m	$4,908m
Less cash				($176m)
Net bank debt			**$5,050m**	**$4,732m**

Notes:

1. Excludes working capital facilities of $167m (drawn to $127m in the form of performance bonds and bank guarantees) and approximately $5 million in non-bank loans in relation to AutoCare

Asciano believes it is prudent to materially reduce its level of outstanding debt to achieve the following objectives:

- Substantially reduce the refinancing requirements of Asciano in the short to medium term given current volatility in global credit markets;
- Ensure continued compliance with Asciano's banking covenants;

For personal use only

- Establish a capital structure for Asciano more consistent with the nature of the company's operations, as well as current market standards and expectations, recognising the current level of volatility in the global economy and capital markets;
- Restore securityholder value through improved perceptions of Asciano's risk profile and growth prospects;
- Provide Asciano with additional flexibility to fund future organic growth opportunities; and
- Allow Asciano to diversify its financing sources and raise longer term funding to match its asset base.

The application of the proceeds to the reduction of net debt will result in a substantial improvement in Asciano's capital structure and will meet the objectives listed above. Asciano's gearing (as measured by the ratio of Net Debt to EBITDA) will improve from the current level of over 7.0x to a level of below 4.5x post completion of the underwritten equity raising, and is expected to further improve after the 2009/10 financial year.

Whilst Asciano intends to apply the majority of the net proceeds to debt reduction, it is anticipated that a small proportion of the net proceeds of the issue may be applied to the cost of restructuring Asciano's current interest-rate swaps.

Asciano is in ongoing dialogue with its banking syndicate regarding the monetisation process and Asciano's banks have been supportive and constructive throughout. Following completion of the equity issue, Asciano intends to negotiate a restructure of the existing facilities concurrent with the repayment of a proportion of the outstanding debt.

Trading/Operational Update – 11 Months to May 2009

The key trends experienced across Asciano's operating businesses and reported with Asciano's third-quarter operating update have largely continued through the months of April and May 2009.

Having seen a sharp decline in volumes across a number of non-bulk categories during the March quarter, reflecting both a slowing in the underlying economy and a substantial de-stocking cycle aimed at reducing inventories, some relative stability has returned to overall volumes during April and May. However, non-bulk (Intermodal, Container Ports, AutoCare, Steel) volumes have all remained below last year's levels during the June quarter to date.

Key bulk volumes (coal and grain rail, bulk stevedoring tonnes) have continued to trend above last year's levels with no signs of any slowing of momentum during the current quarter.

Pacific National Coal

	11 Months to May		
	2009	2008	% Change
Net Tonne Kilometres (m)	12,555	11,562	+8.6%

- Hunter Valley volumes remain strong. For the month of May 2009, total NTKs for the Coal division increased by 12.8% compared to May 2008.
- Queensland coal project ahead of schedule with first train operational in April 2009

For personal use only

Pacific National Intermodal

	11 Months to May		
	2009	2008	% Change
Net Tonne Kilometres (m) – excluding Tasmania	20,817	23,818	-12.6%

- Intermodal volumes have continued to weaken during April and May. Year to date outrailed TEUs have declined by 9.5%.
- Steel volumes have stabilised, but remain well below the previous year. Year to date steel tonnes are down 26.1%.

Patrick Container Ports

	11 Months to May		
	2009	2008	% Change
Container Lifts ('000)	1,731	1,794	-3.5%

- Container port volumes have stabilised relative to the sharp declines experienced during the March quarter, but continue to track below last year's volumes. Year to date volumes are down 3.5%.
- The bias towards Port Botany has continued, with Port Botany year-to-date volumes 6% above last year and East Swanson Dock volumes 13% down on last year.

Auto, Bulk & General

	11 Months to May		
	2009	2008	% Change
Autocare – Vehicles carried ('000)	897	1,096	-18%
Autocare – Vehicle storage days ('000)	15,717	11,478	+37%
Bulk Rail – Grain/industrial NTKs (m)	3,188	2,534	+26%
Stevedoring – Bulk/general tonnes (m)	23.9	19.3	+13%

- Motor vehicle transport volumes have weakened further during April and May, reflecting the trend in new car sales. Storage volumes remain well-above last year's level, but storage volumes are trending downwards as inventories are not being replaced.
- Grain volumes have continued the trend of strong growth above last year's levels.
- Bulk stevedoring tonnes (primarily agricultural commodities) remain above last year, offsetting a decline in general stevedoring tonnes.

2008/09 Earnings Expectations and 2009/10 Outlook

2008/09 Forecast EBITDA

Asciano expects its full-year EBITDA (before significant items) for the year to June 2009 to be on or around $655 million. This represents an increase of 3% over the result achieved in 2007/08 (after adjusting the 2007/08 results for the impact of the discontinued Brambles investment). Asciano believes that this increase in EBITDA is an extremely positive result in a very difficult economic environment and reflects Asciano's high-quality and diversified portfolio of strategic assets, and the focus of the management team on driving continued efficiencies from the business.

For personal use only

Division[1]	2008/09 Forecast EBITDA	2007/08 Actual EBITDA	Forecast % Change
Pacific National Coal	$147m	$128m	+14.8%
Pacific National Intermodal	$189m	$178m	+6.1%
Patrick Container Ports	$218m	$245m	-11.3%
Patrick Auto, Bulk & General	$127m	$94m	+35.3%
Corporate/Other	($25m)	($10m)	
EBITDA (excluding Brambles & significant items)	**c. $655m**	**$635m**	**+3.1%**
Brambles Dividends	-	$18m	
EBITDA (excluding significant items)	c. $655m	$653m	+0.3%

Notes:
1. As a result of changes in the organisational structure of Asciano, comparative disclosures have been reclassified to ensure consistency and comparability in this presentation

The key components of the forecast 2009 results are as follows:

- The Pacific National Coal business is forecast to achieve an improvement in EBITDA of approximately $19 million. This EBITDA growth has been primarily driven by continued volume growth, both in terms of export tonnages and average haulage lengths. In addition, the business has benefited from price increases on certain services and a timing benefit in the recovery of fuel costs.
- The Pacific National Intermodal business is expected to generate an increase in EBITDA of approximately $11 million, notwithstanding a reduction in volumes relative to the 2007/08 financial year. Key contributors to the result have been:
  - Active cost management, which is expected to result in an increase in the EBITDA margin from 19.4% to 21.2% despite a reduction in total revenue for the year;
  - Price increases on certain services; and
  - A full-year contribution from the BlueScope Port Kembla operations (which contributed only for 9 months during the prior financial year).
- The Patrick Container Ports division is expected to announce a reduction in EBITDA of approximately $28 million relative to 2007/08. Key factors driving this reduction in earnings are a reduction in overall volumes (with total container lifts for the year expected to be 4% to 5% below the prior year), a slight decrease in average revenue per lift due to a higher proportion of transhipments (which generate a lower revenue per lift) and increased labour costs due to mandated wage increases under existing enterprise agreements. Earnings in the division are also being impacted by the bias in volumes towards Sydney and away from Melbourne, given that Asciano's margins are significantly higher in Melbourne than Sydney.
- The Auto, Bulk & General business is expected to generate significant growth for the year, with EBITDA expected to be approximately $33 million above the 2007/08 level. The key driver of this improvement has been the bulk rail business, reflecting both improved grain volumes, but also the impact of the restructuring of the contractual arrangements within this business to a 'take-or-pay' basis during the last financial year. As a result, the grain business has been profitable during the current financial year, having generated losses during the previous year. The improvement in the bulk rail results has offset a reduction in

For personal use only

the EBITDA generated by AutoCare, reflecting continued weakness in new vehicle sales and therefore significantly reduced transport revenues for Asciano. The bulk ports and general stevedoring businesses collectively are also expected to generate a slight reduction in EBITDA reflecting slowing general economic activity.

For the first half of the 2008/09 financial year, Asciano reported significant items totalling a net loss of $97.5 million. These included impairment charges ($92.9 million), redundancy costs ($3.2 million) and $1.4 million of other one-off items. It is expected that further efficiency review/redundancy costs will be recognised during the second half of the financial year with Asciano still finalising the amount of such items as part of year end close procedures. In addition, there is a possibility of further impairment charges being incurred. In the event that further impairment charges are incurred (following a review of carrying values by Asciano in conjunction with its auditors) they will be non-cash items. It is expected that impairment charges for the second half of the 2008/09 financial year will not exceed $50 million.

2009/10 Outlook

Asciano expects to achieve EBITDA growth (before significant items) in the range of 3% to 7% for the 2009/10 financial year, resulting in reported EBITDA in the range of $675 million to $700 million. This expectation reflects an assumption by Asciano that the macro operating environment will remain difficult, particularly in 1H10, with gradual improved conditions in 2H10. Whilst Asciano believes that this assumption may prove conservative, it is a prudent assumption to be adopted for planning purposes in light of the difficult economic environment.

The key elements expected to impact on the 2009/10 results can be summarised as follows:

- Asciano's bulk rail operations are expected to continue to perform strongly. The Pacific National Coal division is expected to generate additional EBITDA of approximately $40 million through the commencement of new haulage contract operations in Queensland primarily in the second-half of the 2009/10 financial year. In addition, the division is expected to see continued growth in volumes and earnings in its Hunter Valley operations. The grain business is expected to have another strong year based on current weather patterns and harvest expectations, and should achieve an EBITDA result similar to that achieved in 2008/09.
- Non-bulk rail operations are expected to remain under pressure, with expectations of a further reduction in both containerised and steel freight volumes. 2010 volumes for these categories are expected to remain consistent with the volumes experienced in the second-half of the current financial year, without the benefit of the strong first-half experienced in 2008/09. As a result, the Pacific National Intermodal business is expected to experience a reduction in EBITDA relative to 2008/09. A similar trend is expected to apply to the AutoCare business, with a reduced EBITDA contribution reflecting a further reduction in volumes for the 2009/10 financial year.
- The Container Ports division is expected to achieve EBITDA for 2009/10 broadly in line with its 2008/09 contribution. This reflects an expectation that container volumes will be broadly flat for the year, but that the significant volatility experienced during the current half-year is unlikely to be repeated.

In summary, Asciano expects the key driver of EBITDA growth in 2009/10 to be the commencement of Queensland coal operations for Pacific National. On a full year pro forma basis, the Queensland coal operations are due to contribute EBITDA of approximately $100

For personal use only

million per year. Excluding the impact of this new business, EBITDA for the balance of Asciano's operations is expected to be slightly above or slightly below the level achieved this financial year, reflecting an assumption of a continued difficult economic environment. Under this assumption, Asciano expects to see an improved bulk rail contribution counteracting a reduced contribution from the Intermodal and AutoCare operations. Container Ports earnings are expected to be broadly in line with those achieved in the current financial year.

Distribution Policy & Board Composition

The Boards of Asciano and PIML, the responsible entity for the Asciano Finance Trust, have determined that Asciano will not pay a final distribution for the financial year to 30 June 2009.

Asciano Chairman, Mr Tim Poole, said "The decision not to pay a distribution has not been taken lightly. The decision recognises that the process of restructuring Asciano's debt will take place over the coming weeks and months. We believe it is prudent not to declare a distribution until the restructure has been completed."

Asciano's distribution policy for the 2009/10 financial year and beyond will be reviewed following the completion of the debt restructuring process. It is the Board's current intention to pay a distribution for the 2009/10 financial year, taking into account the outcome of the bank renegotiations and future capital expenditure requirements. Beyond 2010, it is intended that Asciano will transition towards a distribution policy typical of an industrial company, with distributions linked to a payout ratio of underlying earnings after budgeting for growth related capital expenditure.

Asciano also announces that it intends to increase the size of its Board of Directors from the current level of four to six through the appointment of two new non-executive Directors during the first half of the 2009/10 financial year.

Mr Poole noted "The Board of Asciano has recognised the importance and benefits of supplementing the Board with additional Directors for some time now. However, we have also been keen to ensure that any new Directors joining the Board do so once the issues surrounding Asciano's capital structure were resolved. With today's announcement of the capital raising, the process of seeking new Directors will commence in earnest."

Securityholder and media enquiries

For further information please contact:

Marie Festa
Group Corporate Affairs Manager
Asciano Limited
+61 405 494 705

Mark Gold
Third Person - Media
+61 411 221 292

Retail securityholders will be sent details of the Asciano equity raising shortly. Retail securityholders with questions about the equity raising should contact the Asciano Offer

Information Line on 1300 729 310 (local call cost within Australia) or on +61 3 9415 4608 (from outside Australia) or go to the Asciano website at www.asciano.com.au.

This document is issued by Asciano Limited

IMPORTANT INFORMATION

This announcement does not constitute an offer of securities for sale in the United States, or to any person that is, or is acting for the account or benefit of, any "U.S. person" (as defined in Regulation S under the U.S. Securities Act of 1933, as amended (the "U.S. Securities Act") ("U.S. Person")), or in any other jurisdiction in which such an offer would be illegal. This announcement may not be distributed or released in the United States or to, or for the account or benefit of, any U.S. Person.
The securities in the proposed offer have not been, and will not be, registered under the U.S. Securities Act, or under the securities laws of any state or other jurisdiction of the United States, and may not be offered or sold in the United States or to, or for the account or benefit of, U.S. Persons unless the securities are registered under the U.S. Securities Act or an exemption from the registration requirements of the U.S. Securities Act is available.

The pro forma financial information included in this announcement does not purport to be in compliance with Article 11 of Regulation S-X of the rules and regulations of the U.S. Securities and Exchange Commission. Investors should also be aware that certain financial data included in this announcement are "non-GAAP financial measures" under Regulation G of the U.S. Securities Exchange Act of 1934, as amended, including EBITDA (earnings before interest, taxes, amortisation and one-offs). The disclosure of such non-GAAP financial measures in the manner included in this announcement would not be permissible in a registration statement under the U.S. Securities Act. Asciano believes these non-GAAP financial measures provide useful information to users in measuring the financial performance and conditions of Asciano. These non-GAAP financial measures do not have a standardised meaning prescribed by Australian Accounting Standards and, therefore, may not be comparable to similarly titled measures presented by other entities, nor should they be construed as an alternative to other financial measures determined in accordance with Australian Accounting Standards. Readers are cautioned, therefore, not to place undue reliance on any non-GAAP financial measures and ratios included in this announcement.

This announcement contains certain "forward looking statements" within the meaning of the securities laws of applicable jurisdictions. Forward looking statements can generally be identified by the use of forward looking words such as "anticipate", "believe", "expect", "project", "forecast", "estimate", "likely", "intend", "should", "will", "could", "may", "target", "plan" and other similar expressions. Indications of, and guidance or outlook on future earnings, distributions or financial position or performance are also forward looking statements.

The forward looking statements contained in this announcement involve unknown risks and uncertainties and other factors, many of which are beyond the control of Asciano and its officers, employees, agents or associates, and may involve significant elements of subjective judgement and assumptions as to future events which may or may not be correct. Forward looking statements may also be based on estimates and assumptions with respect to future business decisions, which are subject to change. Actual results, performance, or achievements may vary materially from any projections because events and actual circumstances frequently do not occur as forecast and these differences may be material.

Forward looking statements are not guarantees of future performance. These statements may assume the success of Asciano's business strategies. The success of any of these strategies is subject to uncertainties and contingencies beyond Asciano's control, and no assurance can be given that any of the strategies will be effective or that the anticipated benefits from the strategies will be realised in the period for which the forward looking statements may have been prepared or otherwise.

For personal use only

Readers are cautioned not to place undue reliance on forward looking statements and Asciano assumes no obligation to update or revise such information to reflect any change in expectations or assumptions. The inclusion of the forward looking statements in this announcement should not be regarded as a representation, warranty or guarantee with respect to its accuracy or the accuracy of the underlying assumptions or that Asciano will achieve, or is likely to achieve, any particular results.

For personal use only