

28 April 2014

## IN-PRINCIPLE AGREEMENT ON CITYLINK – TULLA WIDENING PROJECT

Transurban Group (ASX: TCL) announces that it has reached an in-principle agreement with the Victorian Government under the Government's Unsolicited Proposals framework for a major co-ordinated upgrade to the western section of CityLink, the Bolte Bridge-West Gate Freeway interchange and the Tullamarine Freeway ("**CityLink – Tulla Widening**"). The proposed project will address congestion and improve safety at critical points in the CityLink western corridor with the additional capacity relieving pressure on surrounding non-arterial routes. The proposed project also caters for future transport needs of growth areas in Melbourne's west and north and will enhance the integration of the East West Link ("**EWL**") into CityLink. The project is still subject to the State and Transurban reaching final agreement on terms (including scope) and documentation (expected by late 2014).

As part of this agreement Transurban and the Victorian Government have reached in-principle agreement on the expected scope and funding sources for the proposed project.

While the in-principle agreement does not commit the parties to a project, Transurban welcomes the opportunity to work with the Victorian Government to progress the CityLink-Tulla Widening.

Transurban CEO Scott Charlton said: "We have seen the amount of weekday traffic on the western section of CityLink more than double since 2000, so this proposed project is a critical component of overall road transport improvements to the rapidly growing western corridor of Melbourne. In addition, it will support and enhance the seamless integration of the EWL into CityLink."

"The additional lane capacity proposed will improve travel time reliability for the currently 150,000 vehicles, including 14,000 freight vehicles, that use Western Link every day. The approximately \$850 million project will deliver significant improvements to the movement of goods and services on Melbourne's orbital network. It will also provide an economic boost to Victoria, supporting jobs in construction and related industries."

"We acknowledge that there will be some disruption to motorists using CityLink during the construction period, although we will be careful to minimise this as much as we can. In recognition of the anticipated impacts there will be no quarterly toll increases for car, motorcycle and Light Commercial Vehicle users on the whole of CityLink for a two year period while the majority of construction impacts occur," Mr Charlton said. The tolls will then step back up to their normal levels over a further two year period."

Classification **Public**

### Transurban Group

Transurban International Limited  
ABN 90 121 746 825

Transurban Holdings Limited  
ABN 86 098 143 429

Transurban Holding Trust  
ABN 30 169 362 255  
ARSN 098 807 419

corporate@transurban.com  
www.transurban.com

Level 3  
505 Little Collins Street  
Melbourne VIC 3000  
Australia  
Telephone +613 8656 8900  
Facsimile +613 9649 7380

Level 9  
1 Chifley Square  
Sydney NSW 2000  
Australia  
Telephone +612 9254 4900  
Facsimile +612 9254 4990

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Mr Charlton also noted that “the significance of our network positions is demonstrated by the fact that we have one major development project under discussion or delivery being managed by the teams in each of our core markets on the Eastern seaboard of Australia and northern Virginia, USA. As it takes time to reach in-principle agreement on projects, the funding for this potential project, together with Transurban’s other committed projects, has been taken into account in Transurban’s forward capital planning budget. Accordingly, the distribution guidance of 39 cents for FY15 is unaffected by this announcement.”

Under the terms of the in-principle agreement Transurban will finance the total cost of the upgrade works, including State Works between the northern end of CityLink and Melrose Drive. As a part of the project the CityLink Concession will be extended by one year and truck tolls will be increased to become consistent with national pricing for trucks on other motorway networks. The CityLink toll price increases will remain at a minimum of 4.5% (annually) for an additional year post July 2015.

If financial close is reached, Transurban’s funding commitments will be staggered over the two year construction phase of the project, commencing in mid-2015. Full details of the proposed transaction will not be available until contractual close, targeted for late calendar year 2014, however the following provides guidance:

### Project benefits

- Ease congestion on CityLink by increasing capacity by almost a third, relieving pressure on surrounding non-arterial roads.
- Improve safety by addressing queuing on Bolte Bridge by modifying the Bolte Bridge-West Gate Freeway interchange.
- Improve traffic flow through a freeway management system along Western Link.
- Support the EWL Stage 1 project by further enhancing the EWL-CityLink interchange.
- Improve traffic flow on the West Gate Freeway by separating City-bound (exiting to Lorimer St, Montague St, Kings Way) and Burnley Tunnel-bound traffic.

### State works

The in-principle agreement provides for the State to deliver works north of the northern end of the CityLink Concession (“**State Works**”).

The State Works will be undertaken by the State in parallel to the works to be delivered by Transurban.

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## Project details

	Scope	Nature of works	Delivered by
<b>State Works</b>	From Bulla Rd (end of City Link Concession) North to Melrose Drive	Widening – additional lane north and south	State
<b>CityLink North (CityLink-Tulla Northern works)</b>	Between Bulla Rd and Moreland Rd (CityLink Concession)	Widening – additional 2 lanes north and additional one lane south	Transurban
<b>EWL Integration Works</b>	Works necessary to join EWL to CityLink between Moreland Rd and Dynon Rd	Entries/exits north and south to/from EWL and associated widening	EWL Project Co
<b>CityLink South (CityLink-Tulla Southern works)</b>	Between Dynon Rd and the West Gate Freeway and on the West Gate Freeway to the Burnley Tunnel	Widening on Western Link– additional lane north and south.  Bolte Bridge exit ramp to Burnley Tunnel widening and reconfiguration of traffic flows on the West Gate Freeway to the Burnley Tunnel.	Transurban
<b>Freeway management system</b>	Western Link and Westgate Freeway	Implementation of lane use management, freeway control systems, ramp metering and the upgrade of other ITS systems	Transurban on Western Link / West Gate Freeway and State for State Works

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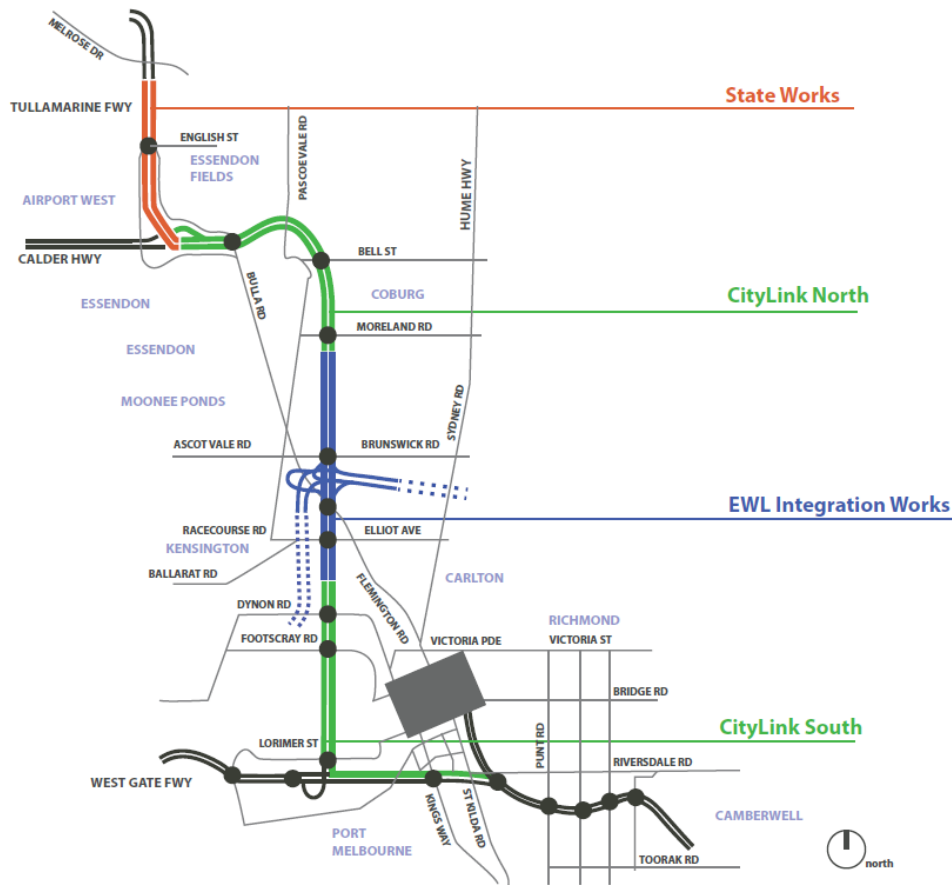
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## Project funding

- Traffic uplift as a result of the project and the impact of EWL Stage One.
- An increase in the truck toll multiplier applying to heavy commercial vehicles and light commercial vehicles to be consistent with national pricing on other motorway networks.
- Extension of the period in which toll price increases will occur at the greater of 4.5% or CPI (annually) for a period of one year.
- Extension of the Concession term by a period of one year.

## Transurban works construction details

- To be delivered through a fixed price Design and Construction contract.
- Construction period – first half of 2015 to mid-2017.
- No acquisition of private land. All construction to take place within existing CityLink/Government property.
- All costs will be determined through competitive procurement process.

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## Indicative project timetable

- **May 2014 – late 2014:** Design and Construct procurement phase / Finalisation of documentation with State.
- **Late 2014:** Contract close with the State.
- **First half of 2015:** Construction commences.
- **2017:** Construction completed.

## Distribution guidance

- Distribution guidance of 35 cents per security for FY14 and 39 cents per security for FY15 (as announced on Thursday 24 April 2014) remain unchanged by this announcement.
- Distribution growth remains key corporate objective.



**Amanda Street**  
Company Secretary

### Investor enquiries:

#### Henry Byrne

General Manager, Communications, Media and Investor Relations  
+61 438 564 245

### For CityLink-Tulla Widening Project media enquiries:

Suzanne Waddell  
Corporate Communications Advisor  
+61 439 789 905

### For financial media enquiries:

Kate Inverarity +61 413 163 020  
Lisa Keenan +61 409 150 771

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