



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

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**Transpacific Industries Group Ltd**

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**For Release to Market**

**Launch of Transpacific Recapitalisation**

- Transpacific Industries Group Limited ("Transpacific" or "Company") today launched its comprehensive capital restructure to raise approximately \$801 million in new equity through a fully underwritten 1.77 for 1 accelerated pro-rata renounceable entitlement offer to raise approximately \$737 million and an approximately \$64 million placement to WP X Holdings B.V. ("WP Holdings" or "Cornerstone Investor"), an affiliate of leading global private equity firm Warburg Pincus at a price of \$1.80 per Share, a 50% premium to the entitlement offer price (together, the "Equity Raising")
- Proceeds will be used to pay down a portion of Transpacific's existing \$2,095 million syndicated debt facility, in addition to closing out interest rate swap contracts at a cost of approximately \$40 million and paying the costs of the Equity Raising and debt restructure
- Transpacific will reduce its total debt by at least \$704 million and extend the term of the balance of its bank debt in new four and five year tranches to July 2013 and July 2014, with no refinancing of debt required until at least September 2012
- Financial covenants renegotiated to provide greater headroom and reflect more conservative expectations for the Company's earnings outlook
- The Peabody Family has committed to take up \$70 million of New Shares under the Institutional Offer
- The Board has decided not to declare a final dividend in FY2009. Transpacific has agreed to certain restrictions on the payment of future dividends with the Cornerstone Investor, Transpacific's syndicate banks and United States private placement ("USPP") note holders. As a result, the Board does not expect to declare a FY2010 interim dividend
- Implementation of the recapitalisation plan remains subject to a number of conditions. In particular, the Cornerstone Investor's participation in the Equity Raising is subject to a number of conditions that must be satisfied or waived on or before the Institutional Settlement Date
- Conditions and termination events applicable to the Cornerstone Investor's participation in the Equity Raising as well as under the underwriting agreement will be detailed in the prospectus together with details of the other transaction documents
- Transpacific shares will remain suspended from trading until completion of the institutional entitlement bookbuild with trading expected to resume on 20 July 2009

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### **Overview**

Transpacific has today launched its comprehensive capital restructure initially announced on 9 June 2009 and subsequently updated on 7 July 2009.

As part of the restructure, Transpacific will raise a minimum of \$801 million in new equity through an approximately \$64 million placement ("Initial Placement") to WP Holdings and a fully underwritten 1.77 for 1 accelerated pro-rata renounceable entitlement offer ("Entitlement Offer") to raise approximately \$737 million.

Proceeds from the Equity Raising will be used to pay down a portion of Transpacific's existing \$2,095 million syndicated debt facility, in addition to closing out interest rate swap contracts at a cost of approximately \$40 million and paying the costs of the Equity Raising and debt restructure. This will result in the Company reducing its total debt by at least \$704 million and extending the term of the balance of its bank debt in new four and five year tranches to July 2013 and July 2014. There will be no refinancing of debt required until at least September 2012, when Transpacific's USPP note holders may require the USPP notes to be repaid.

Transpacific Executive Chairman, Mr Terry Peabody said: "This Entitlement Offer marks the final milestone in implementing the recapitalisation plan announced on 9 June 2009. The comprehensive capital restructure announced today will provide Transpacific with a more resilient capital structure in light of the current challenging macroeconomic environment. We are pleased to have reached agreement with WP Holdings in terms of their proposed participation in the recapitalisation of the Company and are looking forward to re-affirming our position as the leading waste management services company in Australasia."

### **Accelerated pro-rata renounceable entitlement offer**

Under the Entitlement Offer, eligible shareholders will be invited to subscribe for 1.77 new fully paid ordinary shares of Transpacific ("New Shares") for each existing ordinary share of Transpacific held on the record date at an offer price of \$1.20 per share ("Offer Price") to raise approximately \$737 million. This represents a 33 per cent discount to Transpacific's last closing price on 16 February 2009. The record date for the Entitlement Offer will be 7.00pm on 20 July 2009.

The institutional component of the Entitlement Offer (the "Institutional Offer") will be conducted between 2:00pm on Wednesday 15 July and 12:00pm on Friday 17 July 2009 to raise approximately \$561.0 million through the issue of approximately 467.5 million New Shares.

There will be no trading in Transpacific's shares until Transpacific announces completion of the Institutional Offer period expected to be Monday 20 July 2009. It is expected that Transpacific's securities will recommence trading from market open on that date.

The retail component of the Entitlement Offer (the "Retail Offer") will be conducted between Monday 20 July 2009 and Monday 17 August 2009 to raise approximately \$175.6 million through the issue of approximately 146.4 million New Shares.

The Peabody Family has committed to take up \$70 million of New Shares under the Institutional Offer.

New Shares equal in number to those not taken up by eligible shareholders and those which would otherwise have been offered to ineligible shareholders will be placed into an underwritten institutional or retail bookbuild as applicable. Any premium above the Offer Price achieved in these bookbuilds will be remitted to those relevant shareholders on a pro-rata basis. The entitlements will not be tradeable on the ASX nor otherwise transferable.

New Shares will rank equally with existing shares from allotment.

Further details of the Entitlement Offer are included in Appendix A to this announcement.

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### New Cornerstone Investor

Subject to conditions detailed in the prospectus, WP Holdings, will become a significant shareholder in Transpacific following the completion of the Equity Raising by:

- investing approximately \$64.5 million through a placement of 35.8 million ordinary shares of Transpacific (the "Placement Shares") at a price of \$1.80 per Share, a 50% premium to the Offer Price;
- participating in the Entitlement Offer in respect of the Placement Shares and by subscribing for its pro-rata entitlement under the Institutional Offer;
- sub-underwriting up to 150.0 million out of approximately 467.5 million New Shares under the Institutional Offer and all of the, approximately 146.4 million, New Shares offered under the Retail Offer; and
- receiving approximately 71.6 million equity warrants exercisable at the Offer Price with the potential (subject to approval by the shareholders of Transpacific at the next AGM) to be exercisable for approximately 71.6 million ordinary shares of Transpacific, in three tranches from the first anniversary of the settlement date of the Institutional Offer (the "Institutional Settlement Date"), 1 July 2011 and 1 July 2012, expiring in five years.

The Cornerstone Investor may also subscribe at the Offer Price for up to approximately 92.1 million secondary placement shares less the number of New Shares that the Cornerstone Investor obtains under its sub-underwriting of the Entitlement Offer ("Secondary Placement"). The Secondary Placement enables the Cornerstone Investor to obtain a minimum shareholding in Transpacific of approximately 18% after the settlement of the Equity Raising and Secondary Placement.

In order to enable the recapitalisation to complete concurrently with the settlement of the Institutional Offer, WP Holdings has agreed to pre-fund its sub-underwriting of 100% of the Retail Offer proceeds on the Institutional Settlement Date. On completion of the Retail Offer, WP Holdings will be reimbursed for its pre-funding to the extent of any applications received under the Retail Offer, which includes the retail bookbuild.

### Debt Restructure

The proceeds from the Equity Raising will be used to pay down a portion of Transpacific's existing \$2,095 million syndicated debt facility in addition to closing-out interest rate swap contracts at a cost of approximately \$40 million and paying the costs of the Equity Raising and debt restructure.

The recapitalisation of Transpacific is expected to be completed on the Institutional Settlement Date, 5 August 2009, prior to settlement of the Retail Offer.

As part of the agreed recapitalisation proposal, Transpacific has agreed with a majority of its existing lenders to amend and extend the term of its existing syndicated facility agreement ("Amended Facility Agreement"), subject to completion of the Equity Raising. This will result in the Company reducing its total debt by at least \$704 million and extending the term of the balance of its bank debt in new four and five year tranches to July 2013 and July 2014. Any proceeds of the Secondary Placement will be used to further reduce senior debt under the Amended Facility Agreement. There will be no refinancing of any debt required until at least September 2012, when Transpacific's USPP note holders may require the USPP notes with a current face value of \$169 million to be repaid.

The refinancing significantly improves Transpacific's credit profile. Following the completion of the Equity Raising and debt paydown:

- pro-forma gearing<sup>1</sup> is expected to fall from 60% to 43%
- pro-forma net debt/EBITDA<sup>2</sup> is expected to fall from 5.2x to 3.6x
- pro-forma EBITDA/interest<sup>3</sup> cover is expected to increase from 2.5x to 2.9x

<sup>1</sup> Pro-forma gearing based on 31 December 2008 Pro-forma Consolidated Balance Sheet

<sup>2</sup> Pro-forma net debt/EBITDA based on 31 December 2008 Pro-forma Consolidated Balance Sheet and FY2009PF Consolidated Income Statement

<sup>3</sup> Pro-forma EBITDA/Interest cover based on FY2009PF Consolidated Income Statement excluding non-cash borrowing costs

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- syndicated debt maturities will be extended from 2009/2010 to 2013/2014
- there will be no debt refinancing required until at least September 2012 when USPP note holders may require the USPP notes to be repaid

The table below illustrates the estimated impact of Transpacific's debt maturities profile as if the transactions had occurred on 31 December 2008 for the syndicated facilities, USPP and convertible notes debt only:

<b>As at 31 December 2008 \$ million</b>	<b>Transpacific actual</b>	<b>Pro-forma adjustment for Entitlement Offer</b>	<b>Pro-forma adjustment for debt restructure</b>	<b>Transpacific pro-forma post Entitlement Offer and debt restructure</b>
Less than 12 months	\$695	(\$367)	(\$328)	-
1 year to 2 years	\$1,400	(\$337)	(\$1,063)	-
2 years to 3 years	-	-	-	-
3 years to 4 years	\$478	-	-	\$478
4 years to 5 years	-	-	\$601	\$601
5 years to 6 years	-	-	\$834	\$834
<b>Total facilities</b>	<b>\$2,573</b>	<b>(\$704)</b>	<b>\$44</b>	<b>\$1,913</b>

Transpacific has entered into amendment and waiver agreements with respect to its syndicated facility and USPP which in the case of the syndicated facility provides for the paydown, long-term extension, amendments and the waiver of all identified past breaches of the syndicated facility and in the case of the USPP provides for amendments and the waiver of all identified past breaches under the USPP. Financial covenants have also been renegotiated under the syndicated facility and the USPP to reflect conservative expectations for the Company's earnings outlook.

### Dividend Policy

In light of the Equity Raising, the Transpacific Board has decided not to declare a final dividend in FY2009.

Transpacific has agreed to certain restrictions on the payment of future dividends with the Cornerstone Investor, Transpacific's syndicate banks and USPP note holders. As a result, the Board does not expect to declare a FY2010 interim dividend.

These restrictions are consistent with the Company's policy to adopt a dividend policy which is focused on cashflow management having regard to various factors including prevailing economic conditions, capital expenditure requirements, acquisition opportunities and debt management.

### Governance

Recognising the Cornerstone Investor's substantial investment in Transpacific, and reflecting an enhanced focus on governance, a representative of the Cornerstone Investor will be invited to join the Board following completion of the Equity Raising. The Cornerstone Investor will also be entitled to participate in the identification and appointment of two additional independent non-executive directors and will be given consent or consultation rights in respect of certain other corporate matters. The prospectus will contain further details in relation to governance measures agreed between the Cornerstone Investor and Transpacific.

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### **Implementation of Recapitalisation**

Implementation of the recapitalisation plan remains subject to a number of conditions. In particular, the Cornerstone Investor's participation in the recapitalisation of the Company through the Initial Placement, the Entitlement Offer and its sub-underwriting of part of the Entitlement Offer is subject to a number of conditions that must be satisfied or waived on or before the Institutional Settlement Date. Please refer to the prospectus for details.

Conditions and termination events under the underwriting agreement will be detailed in the prospectus together with details of the other transaction documents.

Given the nature of these conditions, no assurance can be provided that the recapitalisation plan will be completed.

### **Shareholder enquiries and details regarding the prospectus**

Retail shareholders who have any queries regarding the Entitlement Offer are encouraged to contact the Transpacific Shareholder Information Line on 1300 751 842 from within Australia or on +61 3 9415 4204 from elsewhere, between 8.30am and 5.00pm (Brisbane time). A prospectus for the Entitlement Offer will be made available when the New Shares are offered. Full details of the Entitlement Offer will be set out in the prospectus which is expected to be lodged with ASIC on Monday 20 July 2009. Any retail shareholder entitled to participate in the Retail Offer ("Eligible Retail Shareholder") who wishes to acquire New Shares should read the prospectus in full and complete, or otherwise apply in accordance with, the personalised entitlement and acceptance form that will be in, or will accompany, the prospectus.

For further information please contact:

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### About Transpacific Industries Group (ASX: TPI)

Transpacific is the leading Australasian provider of integrated total waste management solutions. TPI operations include solid and liquid waste management, integrated industrial cleaning services, oil recovery and refining, waste segment manufacturing and heavy-duty commercial vehicles sales and support. This integration of waste segment business and expertise creates significant value and opportunities for shareholders, customers and employees.

Transpacific's vision is to *Protect the Environment* by providing complete waste services through waste recovery, recycling and re-use, whilst maintaining a strong commitment to safety and reliability.

### About Warburg Pincus

WP X Holdings B.V. is an affiliate of Warburg Pincus. Warburg Pincus is a leading global private equity firm with more than US\$25 billion in assets under management. Its active portfolio of more than 100 companies is highly diversified by stage, sector and geography. Warburg Pincus is a growth investor and experienced partner to management teams seeking to build durable companies with sustainable value. Examples of major investments include Bausch & Lomb, Bharti Tele-Ventures, Eurand, Intime Department Stores, Kosmos Energy, Premier Foods, Safety Kleen, Targa Resources and Titan Petrochemicals. Founded in 1966, Warburg Pincus has raised 12 private equity funds which have invested more than US\$29 billion in approximately 600 companies in 30 countries. The firm has offices in Beijing, Frankfurt, Hong Kong, London, Mumbai, New York, San Francisco, Shanghai and Tokyo. For more information, please visit [www.warburgpincus.com](http://www.warburgpincus.com).

### Important Information

This announcement does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States or to, or 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"). Securities 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 have been registered under the U.S. Securities Act or pursuant to an exemption from, or in a transaction not subject to, registration. The securities to be offered and sold in the Entitlement Offer and pursuant to the Subscription Agreement have not been and will not be registered under the U.S. Securities Act, 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 pursuant to an exemption from, or in a transaction not subject to, registration.

Certain statements contained in this announcement may constitute "forward looking statements" or statements about "future matters" and/or "forward looking statements" including within the meaning of the U.S. Private Securities Litigation Reform Act of 1995. These forward looking statements speak only as of the date of this announcement. The forward looking statements involve known and unknown risks, uncertainties and other factors that may cause Transpacific's actual results, performance or achievements to differ materially from any future results, performance or achievements expressed or implied by these forward looking statements. Neither Transpacific, nor any other person, gives any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward looking statements in this presentation will actually occur. Prospective investors are cautioned not to place undue reliance on this information and Transpacific assumes no obligation to update such information.

Readers 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), net debt and interest cover. 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. Transpacific believes these non-GAAP financial measures provide useful information to users in measuring the financial performance and conditions of Transpacific. 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.

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### **APPENDIX A – OFFER DETAILS**

The Entitlement Offer is structured as an accelerated pro-rata renounceable entitlement offer consisting of an Institutional Offer and a Retail Offer. Entitlements cannot be traded on the ASX nor otherwise transferred.

#### **1. Institutional Entitlement Offer**

Eligible institutional shareholders will be invited to participate in the Institutional Entitlement Offer between 2:00pm (AEST) on Wednesday 15 July 2009 and 5:00pm (AEST) on Thursday 16 July 2009.

Eligible institutional shareholders can choose to take up or not take up all or part of their entitlements. New Shares equal in number to those not taken up by eligible institutional shareholders and those which would otherwise have been offered to ineligible institutional shareholders will be offered for subscription to selected institutional investors through the institutional entitlement bookbuild process.

If the price achieved in the institutional entitlement bookbuild ("Institutional Clearing Price") is higher than the Offer Price of \$1.20, eligible institutional shareholders who do not take up all of their entitlements and ineligible institutional shareholders will be paid an amount equal to the difference between the Institutional Clearing Price and the Offer Price.

#### **2. Retail Entitlement Offer**

Eligible retail shareholders will be invited to participate in the Retail Offer on the same terms as the Institutional Offer under a prospectus which is expected to be lodged with ASIC on 20 July 2009. The Retail Offer will open on Monday 20 July 2009 and close at 5:00pm (AEST) on Monday 17 August 2009.

Eligible retail shareholders can choose to take up or not take up all or part of their entitlements. New Shares equal in number to those entitlements not taken up by eligible retail shareholders and those which would otherwise have been offered to ineligible retail shareholders will be offered for subscription to selected institutional investors through the retail entitlement bookbuild process.

If the price achieved in the retail entitlement bookbuild ("Retail Clearing Price") is higher than the Offer Price of \$1.20, eligible retail shareholders who do not take up all of their entitlements and ineligible retail shareholders will be paid an amount equal to the difference between the Retail Clearing Price and the Offer Price.

#### **Stock Lending**

Eligible shareholders will be entitled to apply for 1.77 New Shares for every 1 ordinary share of Transpacific held as at 7:00pm (AEST) on the record date, Monday 20 July 2009. In the event a Transpacific shareholder has Transpacific shares out on loan, the borrower will be regarded as the shareholder for the purposes of determining the entitlement (provided that those borrowed shares have not been on-sold).

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**Key Entitlement Offer Dates**

<b>Record Date for Entitlements</b>	7.00pm, 20 July 2009
<b>Institutional Offer</b>	
<b>Institutional Entitlement Offer opens</b>	After 2:00pm, 15 July 2009
<b>Institutional Entitlement Offer closes</b>	5:00pm, 16 July 2009
<b>Institutional Entitlement Bookbuild conducted</b>	Between 8:00pm on 16 July 2009 and 12:00pm on 17 July 2009
<b>Settlement of the Institutional Entitlement Offer (via DvP in CHES)</b>	5 August 2009
<b>Issue of New Shares under the Institutional Offer and trading of those securities expected to commence on ASX</b>	6 August 2009
<b>Retail Offer</b>	
<b>Retail Offer opens</b>	20 July 2009
<b>Retail Offer closes</b>	17 August 2009
<b>Issue of New Shares under the Retail Offer</b>	28 August 2009
<b>Holdings statement expected to be dispatched</b>	31 August 2009

These dates are indicative only and are subject to change without notice. The above table includes key Entitlement Offer dates. Refer to the prospectus for a complete list of dates. References to time and date are references to Australian Eastern Standard Time (AEST) in Brisbane, Australia. Subject to the requirements of the Corporations Act 2001 (Cth) ("Corporations Act"), the ASX Listing Rules and any other applicable laws, Transpacific has the right, with the consent of the underwriters and the Cornerstone Investor, to amend the timetable including to extend the closing date for the Retail Offer, to close the Retail Offer early, to withdraw the Entitlement Offer at any time prior to the allotment of New Shares under the Retail Offer and/or to accept late applications either generally or in specific cases. If the closing date is extended, the subsequent dates may also be extended.

Full details of the Retail Offer will be set out in the prospectus which will be made available to eligible retail shareholders when offers of New Shares are made under the Retail Offer. The prospectus is expected to be lodged with ASIC on 20 July 2009, and will be sent to eligible retail shareholders and be made available to eligible retail shareholders on ASX's website when the offer is made. Any eligible retail shareholder who wishes to acquire New Shares under the Retail Offer will need to complete, or otherwise apply in accordance with, the personalised entitlement and acceptance form that will be in or will accompany the prospectus, and should consider the prospectus in deciding whether to subscribe for New Shares.