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For Release to Market

**Capital Review Update:
Transpacific Recapitalisation Plan**

- Transpacific Industries Group (“Transpacific” or “Company”) has today entered into a conditional agreement with WP X Holdings B.V. (“WP Holdings”) as part of a comprehensive recapitalisation of Transpacific. The Company plans to raise at least \$800 million in equity through a placement to WP Holdings and an accelerated pro-rata renounceable entitlement offer to eligible Transpacific shareholders including WP Holdings
- Net proceeds of the equity raising will be used to retire debt and terminate certain ‘out-of-the-money’ interest rate swaps. The impact of this equity raising is expected to reduce pro-forma gearing to approximately 42% compared to Transpacific’s gearing of 60% as at 31 December 2008. These figures include the after-tax impact of expected impairment charges at 30 June 2009
- The joint lead arrangers of Transpacific’s banking syndicate have received credit approval for the long-term extension and amendment of Transpacific’s syndicated debt facilities. Commercial agreement (subject to final credit approval) has been reached with Transpacific’s senior banks, representing the majority of existing bank debt facilities, and its US Private Placement (“USPP”) investors
- One or more of the family companies associated with Transpacific Executive Chairman, Mr Terry Peabody, intend to subscribe for \$70 million of new equity under the entitlement offer
- The agreement with WP Holdings relates to the equity raising and is conditional on a range of matters including regulatory approvals, bank approvals, approval of Transpacific’s USPP investors, execution of an underwriting agreement for the entitlement offer and no material adverse disclosures or changes. Further details of the key conditions are outlined in the Annexure
- Launch of the equity raising is anticipated within two to four weeks, once all conditions have been satisfied
- Transpacific shares will remain suspended from trading until completion of the institutional component of the entitlement offer

Overview

Following a capital structure review and discussions with a range of potential cornerstone investors, Transpacific has today entered into a Subscription Agreement with WP Holdings, an affiliate of Warburg Pincus, the global private equity firm. Subject to satisfaction of certain conditions (see attached Annexure), the Subscription Agreement provides for WP Holdings to become a major shareholder in Transpacific as part of a comprehensive recapitalisation of Transpacific. The recapitalisation proposal announced today is the culmination of an extensive review by Transpacific of all of its available options.

Under the proposed recapitalisation, Transpacific expects to raise at least \$800 million in equity. The equity raising includes a placement to WP Holdings to raise approximately \$65 million and an accelerated 1.77 for 1 pro-rata renounceable entitlement offer to eligible Transpacific shareholders, including WP Holdings, to raise approximately \$735 million (the "Entitlement Offer") at an entitlement price of \$1.20 per new share ("Entitlement Price"). The Entitlement Offer will provide all existing Transpacific shareholders with the opportunity to participate in the recapitalisation of Transpacific.

Subject to conditions, WP Holdings will:

- subscribe for shares under the placement at a price of \$1.80 per share, a 50% premium to the Entitlement Price;
- subscribe for its pro-rata share under the Entitlement Offer; and
- sub-underwrite a portion of the institutional Entitlement Offer and all of the retail Entitlement Offer at the Entitlement Price.

As a result of these commitments, WP Holdings has committed to contribute up to 62% of the \$800 million to be raised by Transpacific. The monies relating to the placement are due to be paid on the settlement date for the institutional portion of the Entitlement Offer.

Depending on the level of participation in the Entitlement Offer, WP Holdings may subscribe for additional shares under a back-end placement at the Entitlement Price, in order to take its interest in Transpacific to around 18%, after completion of the Entitlement Offer. WP Holdings will also receive equity warrants over new Transpacific shares, representing approximately 7% of Transpacific's ordinary share capital on a fully diluted basis (including placement and Entitlement Offer shares), exercisable at the Entitlement Price.

One or more of the family companies associated with Transpacific Executive Chairman, Mr Terry Peabody, intend to subscribe for \$70 million of new equity under the Entitlement Offer.

Mr Peabody said: "We are pleased to have reached this agreement with Warburg Pincus. They have a strong history of successfully partnering with growth oriented companies and their proposed participation in the recapitalisation of the Company will enable Transpacific to re-affirm its position as the leading waste management services company in Australasia."

Warburg Pincus Managing Director Mr Rajiv Ghatalia said: "We have been impressed with Transpacific's platform, underlying business and management team, and we believe that the recapitalisation will provide Transpacific with a solid foundation for growth. Warburg Pincus has a long history as a constructive minority investor in public companies and we look forward to building a long-term partnership with Transpacific under the leadership of Mr Peabody."

Transpacific has reached commercial agreement with the majority of its senior bank group, representing the majority of existing bank debt facilities, and USPP investors with respect to the paydown, long-term extension and amendment of its existing bank debt facilities. The three joint lead arrangers, ANZ, Commonwealth Bank and NAB, have obtained final credit approvals for the bank debt restructure and provided commitment letters to Transpacific. The balance of the bank group is in the process of obtaining credit approvals. The amendments will include waivers in relation to previous breaches of the debt facilities and the USPP. WP Holdings' placement and participation in the Entitlement Offer are conditional on all relevant banks and USPP investors agreeing to and documenting the extension and amendments.

Upon implementation, the recapitalisation will provide Transpacific with an appropriate capital structure for the current challenging macroeconomic environment and to support the Company's growth.

Proceeds of the equity raising, net of transaction costs, will be used to retire debt and terminate certain out-of-the-money interest rate swaps. After the paydown of debt, Transpacific's pro-forma gearing (net debt / (net debt + equity)) is expected to be approximately 42% (assuming no back-end placement is required) compared to Transpacific's gearing of 60% as at 31 December 2008. These figures include the after-tax impact of expected impairment charges at 30 June 2009.

It is intended that following completion of the Entitlement Offer, WP Holdings would have the right to appoint a representative to the Transpacific Board and an additional two independent non-executive directors will also be appointed by agreement between WP Holdings and Transpacific. Other governance arrangements will be introduced, including a requirement to obtain consent from WP Holdings prior to undertaking certain actions such as non-pro-rata equity raisings, share buy-backs and major acquisitions and disposals. Further details of these arrangements with WP Holdings will be provided in the prospectus for the Entitlement Offer.

Implementation of Recapitalisation

Implementation of the recapitalisation plan remains subject to a number of conditions. The key conditions are summarised in the Annexure to this announcement. Given the nature of these conditions, no assurance can be provided that the recapitalisation plan will be completed.

One of the key conditions is the waiving of covenant breaches by the banking syndicate and USPP investors and in the case of the banking syndicate an extension of the current facilities. The monies owed to the banking syndicate and USPP investors are currently capable of being called for immediate payment or action could be taken by either to enforce their position. Either course would place the company in a difficult financial position. To avoid this it is necessary for the company to raise sufficient monies to allow a pay down of debt to the banks in order to trigger an extension of the banking facilities and a waiver of all covenant breaches by the banking syndicate and the USPP investors. This may only be achieved by implementation of the capital restructure.

It is necessary for Transpacific's shares to remain suspended from trading to enable time to implement the restructure to address the company's financial position.

The Company will provide regular updates to the market on progress.

WP Holdings has received Australian Foreign Investment Review Board and New Zealand Overseas Investment Office approval.

Transpacific has agreed to work exclusively with WP Holdings until 31 July 2009 to satisfy the conditions to the Subscription Agreement and launch the Entitlement Offer. Transpacific has agreed to customary restrictions on its conduct of business during the exclusivity period and the period up to settlement of the Entitlement Offer.

If there is a material breach of the Subscription Agreement by Transpacific, Transpacific takes steps to implement an alternative proposal or if the Peabody Family does not comply with its undertaking to subscribe for \$70 million worth of new shares under the Entitlement Offer, Transpacific will be required to pay WP Holdings a fee of \$8 million in compensation for costs incurred by WP Holdings.

Prospectus

As part of the retail portion of the Entitlement Offer, Transpacific will issue a prospectus which will include full details in relation to the recapitalisation proposal. It is anticipated this will occur within two to four weeks. Retail investors do not need to take any action in relation to the Entitlement Offer until they receive a prospectus.

Trading Update

Whilst continuing to show strong defensive characteristics, Transpacific's performance for the first five months of calendar 2009 has been below previous expectations, driven by a slowdown in general economic activity in both Australia and New Zealand.

Separately, Transpacific is currently testing the carrying value of goodwill, doubtful debts, contracts and listed securities to determine if any impairment charges are required. It is currently anticipated that Transpacific will report significant items of up to \$225m (before tax) in 2H09 relating to impairment of certain tangible and intangible assets, provision adjustments, and other one-off charges. This estimate excludes the impact of movements in the mark-to-market value of interest rate swaps between 31 December 2008 and 30 June 2009, which are expected to have a positive impact.

Transpacific is also currently reviewing its dividend policy in light of the recapitalisation proposal. Further guidance in relation to dividend policy will be provided in the prospectus.

Further financial information is intended to be released in the prospectus.

Deutsche Bank AG, Sydney Branch and Macquarie Capital Advisers are advising Transpacific on its capital review.

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About Transpacific Industries Group (ASX: TPI)

Transpacific's goal is to protect the environment by providing a complete waste management service through waste recovery, recycling and re-use, whilst maintaining a strong commitment to safety and reliability.

Transpacific is the leading Australasian provider of integrated total waste management solutions with operations in both solid and liquid waste management. The company also provides integrated industrial cleaning services, has a growing energy business comprising the refining of used oil into fuel and an established heavy-duty commercial vehicles business.

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.

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.

**ANNEXURE:
SUMMARY OF KEY CONDITIONS PRECEDENT IN THE SUBSCRIPTION AGREEMENT**

- Execution of agreements with Transpacific's syndicated debt financiers and USPP investors to extend the syndicated debt facilities, amend existing syndicated debt facilities and the USPP and waive all previous breaches of the syndicated debt facilities and USPP
- Execution of other transaction documents including an underwriting agreement, a sub-underwriting agreement and an escrow agent agreement and no termination events occurring under those agreements
- No material breach of the Subscription Agreement by Transpacific, including the representations and warranties given by Transpacific in that agreement
- The Peabody Family committing to subscribe for \$70 million in new shares under the Entitlement Offer
- No material adverse change impacting Transpacific (in WP Holdings' reasonable opinion), including events which would materially adversely affect the business or valuation of Transpacific such as an outbreak of war or terrorism, court injunction, legal action, change in laws, a general moratorium on commercial banking activities, suspension of trading or any other financial, political or economic disruption
- No materially adverse disclosure being made that was not previously disclosed to WP Holdings (in WP Holdings' reasonable opinion) and no deterioration in near-term operational performance
- The S&P/ASX 200 not closing at a level that is 10% or more below the level of the index at the close of the business day prior to the date of the Subscription Agreement for three consecutive business days in the period prior to launch of the Entitlement Offer, or is at or below that level on the day before launch
- A change of control event not occurring nor being facilitated or recommended by Transpacific
- Satisfactory reorganisation of existing executive and employee loans and implementation of new loans policies
- Australian Securities Exchange and Australian Securities and Investment Commission approvals for the placement and the Entitlement Offer being obtained and no regulatory intervention
- No breach of a material contract by Transpacific, including its debt facility and USPP agreements
- No director of Transpacific is charged with a criminal offence, or is disqualified or engages in fraudulent activity
- No unauthorised changes to Transpacific's senior management team or board