

Toll Holdings Limited
Notice of Annual
General Meeting
2014

TOLL



ABN 25 006 592 089

Notice of Annual General Meeting

Toll Holdings Limited ABN 25 006 592 089

Incorporated in Victoria. Registered office: Level 7, 380 St Kilda Road, Melbourne, Victoria 3004

Notice is hereby given that the Annual General Meeting of members of Toll Holdings Limited (the Company) will be held at the Melbourne Convention Centre, Plenary 1,1 Convention Centre Place, South Wharf, Melbourne 3006, on Thursday 23 October 2014 at 2pm AEDT.

Items of business

Item 1 – Accounts and Reports

To receive and consider the financial statements of the Company and its controlled entities for the year ended 30 June 2014 and the related Directors' Report and Auditor's Report.

Item 2 – Remuneration Report

To consider and, if thought fit, to pass the following resolution as a non-binding ordinary resolution:

That the Remuneration Report for the year ended 30 June 2014 be adopted.

Note: The vote on the above resolution is advisory only and does not bind the Directors or the Company.

Item 3 – Re-election of Mr Ray Horsburgh AM

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

That Mr Ray Horsburgh AM, being a director of the Company who retires in accordance with rule 8.1(d) of the Company's Constitution, and being eligible, be re-elected as a director of the Company.

Item 4 – Re-election of Mr Frank Ford

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

That Mr Frank Ford, being a director of the Company who retires in accordance with rule 8.1(d) of the Company's Constitution, and being eligible, be re-elected as a director of the Company.

Item 5 – Re-election of Ms Nicola Wakefield Evans

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

That Ms Nicola Wakefield Evans, being a director of the Company who retires in accordance with rule 8.1(d) of the Company's Constitution, and being eligible, be re-elected as a director of the Company.

Item 6 – Grant of options and rights (Long Term Incentive – LTI) to the Managing Director, Mr Brian Kruger

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

That approval be given for the purposes of ASX Listing Rule 10.14 and all other purposes to the grant of 1,226,974 options (with an exercise price of \$5.70) and 286,043 rights (with a zero exercise price) to Mr Brian Kruger, under the Senior Executive Option & Right Plan (or any successor or amended plan), on the terms summarised in the Explanatory Memorandum accompanying this Notice of Meeting.

Item 7 – Grant of rights (Deferred Short Term Incentive – Deferred STI) to the Managing Director, Mr Brian Kruger

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

That approval be given for the purposes of ASX Listing Rule 10.14 and all other purposes to the grant of 64,844 rights to Mr Brian Kruger, under the Senior Executive Option & Right Plan (or any successor or amended plan), on the terms summarised in the Explanatory Memorandum accompanying this Notice of Meeting.

Item 8 – Renewal of Proportional Takeover Approval Provisions

To consider and, if thought fit, to pass the following resolution as a special resolution:

That the proportional takeover approval provisions contained in rule 6.4 of the Constitution be renewed for a further three years commencing from the date of this Annual General Meeting.

Voting exclusions

Items 2, 6, and 7 are resolutions that are directly or indirectly related to the remuneration of a member of the Key Management Personnel (KMP) of the Company. The Corporations Act 2001(Cth) (Corporations Act) restricts KMP and their closely related parties from voting in certain circumstances. *Closely related party* is defined in the Corporations Act and includes a spouse, dependant and certain other close family members, as well as any companies controlled by the KMP. In addition, voting restrictions apply to Items 6 and 7 under the ASX Listing Rules.

Item 2 (Remuneration Report)

The Company will disregard any votes cast on the proposed resolution in Item 2:

- by or on behalf of members of the KMP (being the Directors and the other KMP as disclosed in the Remuneration Report for the financial year ended 30 June 2014), or their closely related parties, regardless of the capacity in which the vote is cast; or
- as a proxy by a person who is a member of the KMP at the date of the meeting or their closely related parties,

unless the vote is cast as proxy for a person entitled to vote on Item 2:

- in accordance with a direction on the Proxy Form; or
- by the Chairman of the meeting pursuant to an express authorisation to vote undirected proxies as the Chairman sees fit.

Item 6 (Grant of options and rights (LTI) to the Managing Director, Mr Brian Kruger) and

Item 7 (Grant of rights (Deferred STI) to the Managing Director, Mr Brian Kruger)

The Company will disregard any votes cast on the proposed resolutions in Items 6 and 7:

- by or on behalf of the Managing Director and any of his associates, regardless of the capacity in which the vote is cast; or
- as a proxy by members of the KMP at the date of the meeting and their closely related parties,

unless the vote is cast as proxy for a person entitled to vote on Items 6 and 7:

- in accordance with a direction on the Proxy Form; or
- by the Chairman of the meeting pursuant to an express authorisation to vote undirected proxies as the Chairman sees fit.

By Order of the Board

B McNerney

Company Secretary

Dated: 3 September 2014

Notes relating to voting

Explanatory Memorandum

The resolutions contained in this Notice of Meeting should be read in conjunction with the attached Explanatory Memorandum. The Explanatory Memorandum forms part of this Notice of Meeting.

Voting entitlements

The Directors have determined that for the purposes of determining voting entitlement at the Annual General Meeting, shares will be taken to be held by persons who are registered as shareholders at 7pm (Melbourne AEDT time) on Tuesday 21 October 2014. Accordingly, share transfers registered after that time will be disregarded in determining entitlement to attend and vote at the Annual General Meeting.

How do you exercise your right to vote?

The vote on each resolution will be decided by a poll subject to any requirements of the Corporations Act and the Constitution of the Company.

For resolutions determined by poll, each shareholder present in person or by proxy or attorney has one vote for each fully paid ordinary share held.

Voting by proxy or attorney

A shareholder who is entitled to attend and cast a vote at the Annual General Meeting has the right to appoint a person (whether a shareholder or not) as the shareholder's proxy or attorney to attend and vote for the shareholder at the meeting. If a shareholder is entitled to cast two or more votes, that shareholder may appoint two proxies or attorneys and may specify the proportion or number of votes each proxy or attorney is appointed to exercise. If the shareholder appoints two proxies or attorneys and the appointment does not specify the proportion or number of the shareholder's votes, each proxy or attorney may exercise half of the votes. If a shareholder appoints two proxies or attorneys, they will be entitled to vote on a poll in their specified proportions.

Undirected and directed proxies

The Company encourages you to **actively direct your proxy** how to vote on each item of business by marking the appropriate boxes on the Proxy Form.

If you intend to appoint the Chairman as your proxy, you can direct him how to vote by marking the boxes for Items **2**, **6** and **7** (for example, if you wish to vote 'for', 'against' or 'abstain' from voting), or you can decide not to mark any of the boxes and give the Chairman your express authority to vote your undirected

proxy (in which case the Chairman will vote in favour of each of Items **2**, **6** and **7**).

If you intend to appoint another member of the KMP (such as one of the Directors) or one of their closely related parties as your proxy, please ensure that you direct them how to vote on the proposed resolutions in Items **2**, **6** and **7**.

If you intend to appoint an associate of the Managing Director as your proxy, please ensure that you direct them how to vote on the proposed resolutions in Items **6** and **7**.

If you leave your **Proxy Form undirected** on Items **2**, **6** and **7**, the Managing Director, Non-Executive Directors and KMP (other than the Chairman) and their closely related parties **will not be able to vote your shares** on Items **2**, **6** and **7** and associates of the Managing Director **will not be able to vote your shares** on Items **6** and **7**.

Default to Chairman

As the vote on each resolution will be decided on a poll, if:

- a member has appointed a proxy (other than the Chairman); and
- that member's proxy is either not recorded as attending the meeting or does not vote on the resolution,

the Chairman of the meeting will, before voting on each resolution closes, be taken to have been appointed as the proxy for the member for the purposes of voting on that resolution. If the appointment of the proxy specifies the way the proxy is to vote on the resolution, the Chairman must vote in accordance with the written direction of that member. If the appointment of the proxy does not specify the way the proxy is to vote, subject to the comments set out above, the Chairman will be expressly authorised to vote as he sees fit.

Deposit of Proxy Form or power of attorney before meeting

For the appointment of a proxy to be effective, the Proxy Form enclosed with this Notice of Meeting, together with any authority under which the Proxy Form was executed, or a certified copy of that authority, must be completed and:

- lodged online at www.votingonline.com.au/tollagm2014 (see below);
- deposited at the Company's share registry, Boardroom Pty Limited, located at Level 7, 207 Kent Street, Sydney NSW 2000 Australia; or
- sent by facsimile to Boardroom on +61 2 9290 9655,

so that it is received by the Company or the Company's share registry (as appropriate) at least 48 hours before the time scheduled for commencement of the meeting (no later than 2pm (Melbourne AEDT time) on Tuesday 21 October 2014).

For the appointment of an attorney to be effective, the instrument appointing the attorney and the power of attorney under which it was executed, or a certified copy of that power, must be deposited in the manner and within the time period set out above.

Shareholders wishing to lodge electronic proxies online may do so by accessing the *Investor Vote* system on the Company's share registry website at www.votingonline.com.au/tollagm2014 and then inputting the shareholder's secure access information to commence voting. Shareholders must lodge electronic proxies online no later than 48 hours before the time scheduled for commencement of the meeting (by 2pm (Melbourne AEDT time) on Tuesday 21 October 2014).

Corporate representative

Any corporation which is a shareholder may appoint an individual (either by name or position and whether a shareholder or not) as its representative to exercise all or any of the powers of the corporation at the meeting. If a representative of either a corporate shareholder or a proxy which is a body corporate is to attend the meeting pursuant to section 250D of the Corporations Act, a certificate of appointment of the representative must be produced prior to admission to the meeting.

Please refer to other notes appearing on the Proxy Form.

Explanatory Memorandum

This Explanatory Memorandum forms part of the Notice of Meeting and provides information for shareholders in respect of the resolutions to be considered at the Annual General Meeting of the Company to be held at Melbourne Convention Centre, Plenary 1, 1 Convention Centre Place, South Wharf, Melbourne 3006, on Thursday 23 October 2014 at 2pm AEDT.

The Directors recommend that shareholders read these explanatory notes in full before making any decision in relation to the resolutions.

Item 1 – Accounts and Reports

The Corporations Act 2001 (Cth) (**Corporations Act**) and the Company's Constitution require the Annual Financial Report (including the financial statements of the Company for the year ended 30 June 2014, the Directors' Report and the Auditor's Report) to be laid before the meeting. There is no requirement for shareholders to vote on, approve or adopt these Reports. Shareholders will have a reasonable opportunity at the meeting to ask questions and make comments on these Reports and on the management of the Company.

The Auditor of the Company will be available to take shareholders' questions at the meeting relevant to the accounting policies adopted by the Company in relation to the preparation of the financial statements, the conduct of the audit, the preparation and content of the Auditor's Report and the independence of the Auditor. Members may forward written questions to the Auditor that are relevant to these matters for response at the meeting. These must be submitted no later than the fifth business day before the meeting and should be emailed to company_secretary@tollgroup.com or mailed to:

The Company Secretary
Toll Holdings Limited
Level 7, 380 St Kilda Road
Melbourne, Victoria 3004

The Auditor will prepare a list of any questions that the Auditor considers are relevant to the conduct of the audit and the content of the Auditor's Report. The list of questions will be made available on the Company's website, www.tollgroup.com prior to the meeting. In addition, copies of the list of questions will be available at the meeting.

Item 2 – Remuneration Report

The Board is presenting the Company's Remuneration Report for the year ended 30 June 2014 to shareholders for consideration and adoption by a non-binding vote.

The Remuneration Report commences on page 20 of the Annual Financial Report released to the ASX on 19 August 2014. In accordance with the Corporations Act, the Remuneration Report:

- describes the policies behind, and the structure of, the remuneration arrangements of the Company and the link between the remuneration of employees and the Company's performance; and
- sets out the remuneration arrangements in place for each Director and those members of the senior management team with authority and responsibility for planning, directing and controlling the activities of the Company.

An opportunity will be provided for discussion of the Remuneration Report at the meeting.

The vote on the Remuneration Report is advisory only and does not bind the Directors or the Company. However, the Directors will take into account the discussion of this Item and the outcome of the vote when considering the future remuneration arrangements of the Company.

Item 3 – Re-election of Director: Mr Ray Horsburgh AM

In accordance with rule 8.1(d) of the Company's Constitution, Mr Ray Horsburgh retires and, being eligible, offers himself for re-election.



Ray Horsburgh AM
BEng(Chem), Hon
DUniv, FAICD,
FIEAust
Chairman
Independent Non-
Executive Director

- Chairman since 14 September 2007
- Director since 24 November 2004

Skills and experience

Extensive management experience in the glass and steel sector, and in mergers and acquisitions. Roles, responsibilities and directorships include:

- Chairman of Calibre Global Limited
- Chairman of National Can Industries Limited

- Former Managing Director of Smorgon Steel Group Limited from 1998 to 30 June 2007
- Former Non-Executive Director of CSR Limited
- Former Non-Executive Director of Traffic Technologies Limited

Special responsibilities

- Board of Directors – Chairman
- Nomination & Corporate Governance Committee – Chairman
- All other Board subcommittees – Ex Officio

Board recommendation

In recommending Mr Horsburgh's re-election, the Board took into account Mr Horsburgh's performance, the skills and experience he brings to the Board and the length of time he has served as a Director of the Company. The Board believes that, notwithstanding his period of service, Mr Horsburgh continues to bring valuable experience and expertise to the Board and considers Mr Horsburgh to be an Independent Director. The Board (with Mr Horsburgh abstaining) unanimously recommends that shareholders vote in favour of Item 3.

Item 4 – Re-election of Director: Mr Frank Ford

In accordance with rule 8.1(d) of the Company's Constitution, Mr Frank Ford retires and, being eligible, offers himself for re-election.



Frank Ford
MTax(Melb),
BBus(Acc) (with
distinction), FCA
Independent
Non-Executive
Director since 14
January 2008

Skills and experience

Extensive experience as a professional advisor specialising in taxation. Roles, responsibilities and directorships include:

- Senior positions with Deloitte; former roles include:
 - Managing Partner, Victoria
 - Managing Partner, Taxation Services
 - Member of Global Board
 - Member of Global Governance Committee

- Non-Executive Director of Citygroup Pty Limited
- Non-Executive Director of Nufarm Limited
- Former Non-Executive Director of Manassen Foods Group

Special responsibilities

- Audit & Risk Committee – Chairman
- Nomination & Corporate Governance Committee – Member
- Remuneration Committee – Member

Board recommendation

In recommending Mr Ford's re-election, the Board took into account Mr Ford's performance and the skills and experience he brings to the Board. The Board considers Mr Ford to be an Independent Director. The Board (with Mr Ford abstaining) unanimously recommends that shareholders vote in favour of Item 4.

Item 5 – Re-election of Director: Ms Nicola Wakefield Evans

In accordance with rule 8.1(d) of the Company's Constitution, Ms Nicola Wakefield Evans retires and, being eligible, offers herself for re-election.



Nicola Wakefield Evans
BJuris/BLaw UNSW
Independent Non-Executive Director since 10 May 2011

Skills and experience

Extensive experience as a mergers and acquisitions (M&A) and equity capital markets lawyer, as an adviser to some of the world's largest and most successful companies in Australia, China, Asia and internationally, and in management of a professional services firm. Roles, responsibilities and directorships include:

- Member of the Law Advisory Council of the University of New South Wales Law School
- Board Member of AsiaLink (University of Melbourne)
- Non-Executive Director of BUPA Australia
- Non-Executive Director of Lend Lease Group
- Non-Executive Director of Macquarie Group Limited
- Non-Executive Director of Macquarie Bank Limited
- Non-Executive Director of O'Connell Street Associates Pty Ltd

- Former Partner in the Sydney M&A Group of King & Wood Mallesons
- Former Managing Partner, Practice (Sydney) and Managing Partner, International (Hong Kong) of Mallesons Stephen Jaques (now King & Wood Mallesons)

Special responsibilities

- Audit & Risk Committee – Member
- Nomination & Corporate Governance Committee – Member
- Occupational Health & Safety and Environment Committee – Member

Board recommendation

In recommending Ms Wakefield Evans' re-election, the Board took into account Ms Wakefield Evans' performance and the skills and experience she brings to the Board. The Board considers Ms Wakefield Evans to be an Independent Director. The Board (with Ms Wakefield Evans abstaining) unanimously recommends that shareholders vote in favour of Item 5.

Item 6 – Grant of options and rights (LTI) to the Managing Director, Mr Brian Kruger

The Board considers that the Senior Executive Option & Right Plan (Executive Plan) forms an integral part of effectively rewarding and incentivising executive management, aligning the long term incentive arrangements of its executives with the Company's long term performance and shareholder value.

Approval is sought, pursuant to ASX Listing Rule 10.14, for the grant of a combination of options and rights to Mr Brian Kruger, who is Managing Director of the Company, pursuant to the Executive Plan as part of his long term incentive arrangements.

If shareholder approval is obtained, it is intended that the grant of options and rights will be issued to Mr Kruger shortly following the Annual General Meeting (and in any event, no later than 12 months after the meeting or any adjournment of the meeting).

The principal terms of the proposed grant to Mr Kruger are set out below.

Terms of proposed grant

Mr Kruger has a contractual entitlement to an LTI opportunity of \$1,865,000 for FY2015 and can elect to receive rights, options or a combination of the two. Mr Kruger has elected to receive his LTI entitlement as 50% options and 50% rights.

If shareholder approval is obtained, Mr Kruger will be granted 1,226,974 options and 286,043 rights, both divided into two equal tranches. Tranche 1 will be subject to a Relative Total Shareholder Return (TSR) performance condition and Tranche 2 will be subject to a Relevant Return on Capital (ROC) performance condition (see below).

The number of options and rights to be granted to Mr Kruger has been determined by dividing his FY2015 LTI contractual value by the assessed allocation value for each option and right. The allocation values for Tranche 1 options and rights (with a Relative TSR performance condition) were independently determined using an adjusted form of the Black-Scholes Pricing Model that includes a Monte Carlo simulation analysis, based on a five day weighted average of trading in the Company's ordinary shares from 20 August 2014 to 26 August 2014 (inclusive). The Board determined to adopt the same fair value for the allocation of Tranche 2 options and rights (with a Relevant ROC performance condition).

Background

Details of Mr Kruger's remuneration package for the financial year ended 30 June 2014, and the basis upon which this remuneration was determined, are set out in the Remuneration Report contained in the Annual Report.

Terms of the options and rights

The principal terms of the options and rights that are the subject of the proposed grant are as follows:

- the exercise price of each option will be \$5.70 being the five day weighted average of trading in the Company's ordinary shares from 20 August 2014 to 26 August 2014 (inclusive). The rights will have an exercise price of zero;
- there will be no issue price for the options and rights and no loan will be made in relation to the grant;
- Tranche 1 options and rights are subject to a Relative TSR performance condition measured over a three year performance period;
- Tranche 2 options and rights are subject to a Relevant ROC performance condition measured over a three year performance period;

Explanatory Memorandum continued

- the options and rights will vest if the applicable performance conditions are satisfied at the end of the relevant performance period and, on vesting, the options and rights will become exercisable;
- each option and right is exercisable into one restricted ordinary share in the Company which will be held by a plan trustee pursuant to the Executive Plan and will rank equally with other shares in the Company; and
- the options and rights will expire on the fifth anniversary of their grant date, if not previously exercised.

Performance Targets

- Performance target for Tranche 1 options and rights: Total Shareholder Return of the Company in comparison to companies in the S&P/ASX100 Index (**Relative TSR**) in relation to 50% of the options and rights; and
- Performance target for Tranche 2 options and rights: Return on Capital Compound Average Growth Rate (**Relevant ROC**) in relation to the other 50% of the options and rights.

The performance targets will be measured over a three year performance period (1 July 2014 to 30 June 2017). At the end of the performance period, Relative TSR and Relevant ROC will be measured to determine the proposed vesting percentages which will then be considered and determined by Board resolution.

Tranche 1 – Relative TSR options and rights

The Tranche 1 Relative TSR options and rights will vest if the Company's Relative TSR performance is at or above the median of the S&P/ASX100 index at the end of the three year performance period, in accordance with the following vesting schedule:

Relative TSR ranking against the comparator group	% of options and rights subject to the Relative TSR measure that vest
Below 50th percentile	Nil
At 50th percentile	50%
Above the 50th percentile but below the 75th percentile	Straight line vesting between 50–100%
At or above the 75th percentile	100%

No retesting applies to Tranche 1 options and rights.

Tranche 2 – Relevant ROC options and rights

The Tranche 2 Relevant ROC options and rights will vest depending on the Company's Relevant ROC over the three year performance period. The Relevant ROC vesting schedule is as follows:

Relevant ROC over the performance period	% options and rights subject to the Relevant ROC measure that vest (subject to Board approval)
Up to 5.5% p.a. growth	Nil
5.5% p.a. growth	50%
5.5% up to 7.5% p.a. growth	Progressive pro-rata vesting from 50% to 100%
7.5% and above p.a. growth	100%

No retesting applies to Tranche 2 options and rights.

Cessation of employment

If Mr Kruger ceases employment and special circumstances apply, including death, total and permanent disablement, or the Board determines that special circumstances apply (for example, if the Company has terminated the participant's employment by giving notice), Mr Kruger's options and rights will continue on foot and remain subject to any applicable performance conditions, except that any service condition will be deemed to have been waived.

If Mr Kruger resigns, or has committed any act of fraud, defalcation or gross misconduct in relation to the affairs of the Company or a subsidiary, the Board has the discretion to cause options and rights to lapse or expire.

Item 7 – Grant of rights (Deferred STI) to the Managing Director, Mr Brian Kruger

The Board has determined that 25% of Mr Kruger's STI award should be deferred into rights, restricted until 30 June 2015.

Approval is sought, pursuant to ASX Listing Rule 10.14 for the issue of rights to Mr Kruger pursuant to the Executive Plan. The principal terms of the rights are set out below.

If shareholder approval is obtained, it is intended that the rights grant will be issued to Mr Kruger shortly following the Annual General Meeting (and in any event, no later than 12 months after the meeting or any adjournment of the meeting).

The Company requires Mr Kruger to defer 25% of the actual STI awarded to him for FY2014 into shares in the Company. Accordingly, the proposed STI deferred grant to Mr Kruger for FY2014 has a value of \$360,529. If shareholder approval is obtained, Mr Kruger will be granted 64,844 rights. The number of rights to be granted to Mr Kruger has been determined by dividing the value of the STI deferred component by an allocation value independently determined using an adjusted form of the Black-Scholes Pricing Model based on a five day weighted average of trading in the Company's ordinary shares from 20 August 2014 to 26 August 2014 (inclusive).

Background

Details of Mr Kruger's remuneration package for the financial year ended 30 June 2014, including details of his FY2014 STI award, are set out in the Remuneration Report contained in the Annual Report.

Terms of the rights

The principal terms of the rights are as follows:

- the rights will have an exercise price of zero;
- there will be no issue price for the rights and no loan will be made in relation to the grant;
- the rights are subject to a one year service period and will vest if Mr Kruger remains employed by the Company on 30 June 2015 (on vesting, the rights will become exercisable);
- each right is exercisable into one restricted ordinary share in the Company which will be held by a plan trustee pursuant to the Executive Plan and will rank equally with other shares in the Company;
- Mr Kruger will have no beneficial interest in the underlying shares until the rights vest and are exercised. Therefore, Mr Kruger will not receive any dividends in relation to the rights during the service period; and
- the rights will expire on the fifth anniversary of their grant date, if not previously exercised.

STI forfeiture

In some circumstances Mr Kruger will forfeit all or part of the rights. Such forfeiture will be at the discretion of the Board and will generally be in the event of material misrepresentation or misstatement or where employment is terminated for misconduct.

Additional disclosures in relation to Items 6 and 7

Restricted Shares Issued

Shares acquired by Mr Kruger on exercise of the options or rights will be beneficially owned by him, but held by and in the name of the Trustee of the Executive Plan subject to withdrawal, forfeiture and transfer restrictions set out in the Executive Plan.

Change of Control

On the occurrence of a Corporate Control Event (as defined in the Executive Plan), the Board in its absolute discretion (and subject to any applicable laws) may do a number of things, including waiving or modifying performance hurdles attached to the options or rights and waiving restrictions on shares issued on the exercise of options or rights.

Claw back

If, following the exercise of his options or rights, the Board determines that Mr Kruger has committed any act of fraud or defalcation or gross misconduct in relation to the affairs of the Company or a subsidiary, Mr Kruger will forfeit any right or interest in the shares held for him by the Trustee of the Executive Plan.

Disclosure

In accordance with the ASX Listing Rules, the Company is required to inform shareholders of the names of persons who have received options and/or rights under the Executive Plan since the approval most recently given by shareholders as well as the number of options/rights received and the acquisition price.

- Shareholders last approved a grant of options under the Executive Plan at the Annual General Meeting of the Company on 24 October 2013.
- Pursuant to that approval, a total of 1,175,325 options with an exercise price of \$5.48, 353,516 performance rights with zero exercise price, and 51,821 restricted rights with zero exercise price, over ordinary shares in the Company were granted to the Managing Director.

Mr Kruger is the only current Director who is entitled to participate in the Executive Plan. In accordance with the ASX Listing Rules, the Managing Director and his associates are excluded from voting on this resolution. The voting exclusion statement is contained in the Notice of Meeting.

Item 8 – Renewal of proportional takeover approval provisions

The Constitution of the Company, at rule 6, includes proportional takeover approval provisions which enable the Company to refuse to register shares acquired under a proportional takeover bid unless a resolution is passed by the shareholders in general meeting approving the offer. Under the Corporations Act, proportional takeover provisions expire after three years from adoption or renewal and may be renewed. The provisions contained in the Company's Constitution therefore cease to apply, unless renewed, on 27 October 2014.

The Company is seeking shareholder approval to renew these provisions in accordance with the Corporations Act. As a consequence, the Corporations Act requires the Company to provide shareholders with an explanation of the proportional takeover approval provisions as set out below.

What is a proportional takeover bid?

A proportional takeover bid is a takeover offer sent to all shareholders but only in respect of a specified portion of each shareholder's shares. Accordingly, if a shareholder accepts in full the offer under a proportional takeover bid, it will dispose of the specified portion of its shares in the Company and retain the balance of the shares.

Effect of the provisions to be renewed

If renewed, under rule 6, in the event that a proportional takeover offer is made to shareholders of the Company, the Board of the Company will be required to convene a meeting of shareholders to vote on a resolution to approve the proportional takeover. That meeting must be held by the 14th day before the last day of the bid period.

The resolution shall be taken to have been passed if a majority of shares voted at the meeting, excluding the shares of the bidder and its associates, vote in favour of the resolution. If no resolution is voted on by the 14th day before the last day of the bid period, the resolution will be deemed to have been passed. Where the resolution approving the offer is passed or deemed to have been passed, transfers of shares resulting from accepting the offer will be registered provided they otherwise comply with the Corporations Act, the ASX Listing Rules, the ASTC Operating Rules and the Company's Constitution. If the resolution is rejected, then in accordance with the Corporations Act the offer will be deemed to be withdrawn.

Reasons for proposing the resolution

The Directors consider that shareholders should have the opportunity to renew rule 6 in the Constitution. Without rule 6, a proportional takeover bid for the Company may enable effective control of the Company to be acquired without shareholders having the opportunity to dispose of all of their shares to the bidder. Accordingly, shareholders could be at risk of passing control to the bidder without payment of an adequate control premium for all their shares whilst leaving themselves as part of a minority interest in the Company.

Without rule 6, if there was a proportional takeover bid and shareholders considered that control of the Company was likely to pass, shareholders would be placed under pressure to accept the offer even if they did not want control of the Company to pass to the bidder. Renewing rule 6 of the Constitution will make this situation less likely by permitting shareholders to decide whether a proportional takeover bid should be permitted to proceed.

No knowledge of present acquisitions proposals

As at the date on which this Explanatory Memorandum is prepared, no Director is aware of a proposal by any person to acquire, or to increase the extent of, a substantial interest in the Company.

Explanatory Memorandum continued

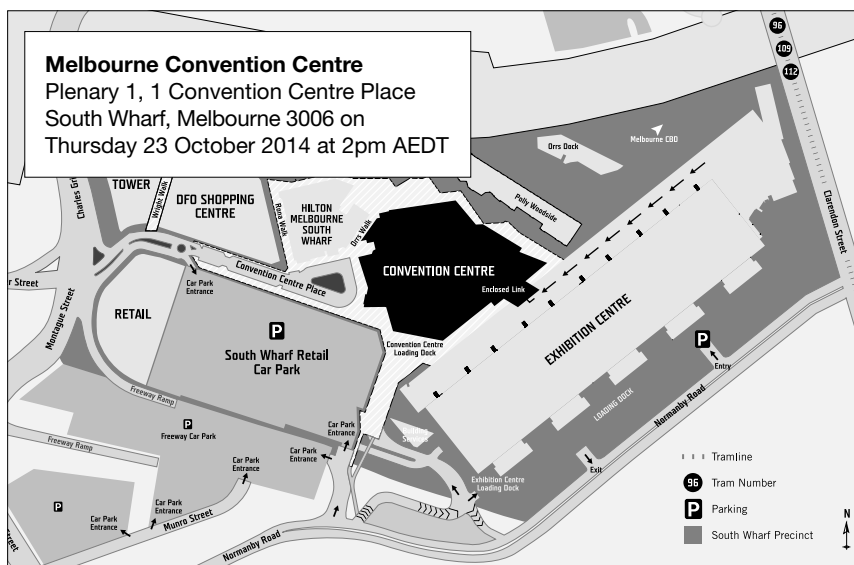
Potential advantages and disadvantages for the Directors and shareholders of the Company

The renewal of rule 6 will enable the Directors to formally ascertain the views of shareholders in respect of a proportional takeover bid. Without such provisions, the Directors are dependent upon their perception of the interests and views of shareholders. Other than this advantage, the Directors consider that renewal of rule 6 has no potential advantages or potential disadvantages for them as they remain free to make a recommendation on whether a proportional takeover offer should be accepted.

The Directors consider that renewing rule 6 will benefit all shareholders in that they will have an opportunity to consider a proportional takeover bid and then attend or be represented by proxy at a meeting of shareholders called specifically to vote on the proposal. Accordingly, shareholders will be able to prevent a proportional takeover bid proceeding if there is sufficient support for the proposition that control of the Company should not be permitted to pass under the proportional takeover bid. Furthermore, knowing the view of shareholders assists each individual shareholder in assessing the likely outcome of the proportional takeover bid and whether to accept or reject that bid.

As to the possible disadvantages to shareholders of renewing rule 6, it may be argued that the proposal makes a proportional takeover bid more difficult and that such proportional takeover bids will therefore be discouraged. This may reduce the opportunities which shareholders may have to sell all or some of their shares at a premium to persons seeking control of the Company and may reduce any takeover speculation element in the Company's share price. Rule 6 may also be considered an additional restriction on the ability of individual shareholders to deal freely in their shares.

While similar proportional takeover approval provisions have been in effect in the past, there have been no full or proportional takeover bids for the Company. Therefore, there has been no example against which to review the advantages or disadvantages of the provisions for the Directors and the shareholders, respectively, during the period during which the proportional takeover provisions have been in effect. On balance, the Directors consider that the possible advantages outweigh the possible disadvantages such that renewal of rule 6 is in the interests of shareholders.





All Correspondence to:

✉ **By Mail** Boardroom Pty Limited
GPO Box 3993
Sydney NSW 2001 Australia

Level 7, 207 Kent Street,
Sydney NSW 2000 Australia

📠 **By Fax:** +61 2 9290 9655

💻 **Online:** www.boardroomlimited.com.au
Email: toll@boardroomlimited.com.au

☎ **By Phone:** (within Australia) 1800 222 722
(outside Australia) +61 2 9290 9699

YOUR VOTE IS IMPORTANT

For your vote to be effective it must be recorded **before 2:00pm AEDT on Tuesday 21 October 2014.**

🖥 TO VOTE ONLINE

STEP 1: VISIT www.votingonline.com.au/tollagm2014

STEP 2: Enter your holding/investment type:

STEP 3: Enter your Reference Number:

STEP 4: Enter your VAC:

PLEASE NOTE: For security reasons it is important you keep the above information confidential.

📱 BY SMARTPHONE



Scan QR Code using smartphone
QR Reader App

TO VOTE BY COMPLETING THE PROXY FORM

STEP 1 APPOINTMENT OF PROXY

Indicate who you want to appoint as your Proxy.

If you wish to appoint the Chair of the Meeting as your proxy, mark the box. If you wish to appoint someone other than the Chair of the Meeting as your proxy please write the full name of that individual or body corporate. If you leave this section blank, or your named proxy does not attend the meeting, the Chair of the Meeting will be your proxy. A proxy need not be a security holder of the company. Do not write the name of the issuer company or the registered securityholder in the space.

Appointment of a Second Proxy

You are entitled to appoint up to two proxies to attend the meeting and vote. If you wish to appoint a second proxy, an additional Proxy Form may be obtained by contacting the company's securities registry or you may copy this form.

To appoint a second proxy you must:

- (a) complete two Proxy Forms. On each Proxy Form state the percentage of your voting rights or the number of securities applicable to that form. If the appointments do not specify the percentage or number of votes that each proxy may exercise, each proxy may exercise half your votes. Fractions of votes will be disregarded.
- (b) return both forms together in the same envelope.

STEP 2 VOTING DIRECTIONS TO YOUR PROXY

To direct your proxy how to vote, mark one of the boxes opposite each item of business. All your securities will be voted in accordance with such a direction unless you indicate only a portion of securities are to be voted on any item by inserting the percentage or number that you wish to vote in the appropriate box or boxes. If you do not mark any of the boxes on a given item, your proxy may vote as he or she chooses. If you mark more than one box on an item for all your securities your vote on that item will be invalid.

Proxy which is a Body Corporate

Where a body corporate is appointed as your proxy, the representative of that body corporate attending the meeting must have provided an "Appointment of Corporate Representative" prior to admission. An Appointment of Corporate Representative form can be obtained from the company's securities registry.

STEP 3 SIGN THE FORM

The form **must** be signed as follows:

Individual: This form is to be signed by the securityholder.

Joint Holding: where the holding is in more than one name, all the securityholders should sign.

Power of Attorney: to sign under a Power of Attorney, you must have already lodged it with the registry. Alternatively, attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: this form must be signed by a Director jointly with either another Director or a Company Secretary. Where the company has a Sole Director who is also the Sole Company Secretary, this form should be signed by that person. **Please indicate the office held by signing in the appropriate place.**

STEP 4 LODGEMENT

Proxy forms (and any Power of Attorney under which it is signed) must be received no later than 48 hours before the commencement of the meeting, therefore by **2:00pm AEDT on Tuesday, 21 October 2014.** Any Proxy Form received after that time will not be valid for the scheduled meeting.

Proxy forms may be lodged using the enclosed Reply Paid Envelope or:

💻 **Online** www.votingonline.com.au/tollagm2014

📠 **By Fax** + 61 2 9290 9655

✉ **By Mail** Boardroom Pty Limited
GPO Box 3993,
Sydney NSW 2001 Australia

👤 **In Person** Level 7, 207 Kent Street,
Sydney NSW 2000 Australia

Attending the Meeting

If you wish to attend the meeting please bring this form with you to assist registration.

Toll Holdings Limited

ABN 25 006 592 089

☐

Your Address

This is your address as it appears on the company's share register. If this is incorrect, please mark the box with an "X" and make the correction in the space to the left. Securityholders sponsored by a broker should advise their broker of any changes. **Please note, you cannot change ownership of your securities using this form.**

PROXY FORM

STEP 1 APPOINT A PROXY

I/We being a member/s of **Toll Holdings Limited** (Company) and entitled to attend and vote hereby appoint:

☐

the **Chair of the Meeting** (mark box)

OR if you are **NOT** appointing the Chair of the Meeting as your proxy, please write the name of the person or body corporate (excluding the registered shareholder) you are appointing as your proxy below

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chair of the Meeting as my/our proxy at the Annual General Meeting of the Company to be held at the **Melbourne Convention Centre, Plenary 1, 1 Convention Centre Place, South Wharf, Melbourne VIC 3006 on Thursday, 23 October, 2014 at 2:00pm AEDT** and at any adjournment or postponement of that meeting, to act on my/our behalf and to vote in accordance with the following directions or if no directions have been given, as the proxy sees fit.

Chair of the Meeting authorised to exercise undirected proxies on remuneration related matters: Where I/we have appointed the Chair of the Meeting as my/our proxy or the Chair of the Meeting becomes my/our proxy by default and I/we have not directed my/our proxy how to vote in respect of Items 2, 6 and 7, by completing and returning this form I/we expressly authorise the Chair of the Meeting to exercise my/our proxy in respect of these Items even though Items 2, 6 and 7 are connected directly or indirectly with the remuneration of a member of key management personnel for the company, which includes the Chair of the Meeting.

The Chair of the Meeting intends to vote undirected proxies in favour of each of the items of business (including Items 2, 6 and 7). If you wish to give the Chairman of the Meeting specific voting directions, you should mark the appropriate boxes opposite each item (directing him to vote 'for', 'against' or to 'abstain' from voting).

STEP 2 VOTING DIRECTIONS

* If you mark the Abstain box for a particular item, you are directing your proxy not to vote on your behalf on a show of hands or on a poll and your vote will not be counted in calculating the required majority if a poll is called.

		For	Against	Abstain*
Item 2	Remuneration Report	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 3	Re-election of Mr Ray Horsburgh AM	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 4	Re-election of Mr Frank Ford	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 5	Re-election of Ms Nicola Wakefield Evans	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 6	Grant of options and rights (LTI) to the Managing Director, Mr Brian Kruger	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 7	Grant of rights (Deferred STI) to the Managing Director, Mr Brian Kruger	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Item 8	Renewal of Proportional Takeover Approval Provisions	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

STEP 3 SIGNATURE OF SHAREHOLDERS

This form must be signed to enable your directions to be implemented.

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director / Company Secretary

Contact Name.....

Contact Daytime Telephone.....

Date / / 2014