

MEDIA RELEASE

Thursday 14 October 2010

Asciano satisfied with improved legislative and regulatory protections for above rail operations in Queensland

Asciano today announced it will withdraw its application to declare access to Queensland's rail network as it is satisfied with the strengthening of QR National's undertaking and the legislative changes put in place by the Queensland Government.

The changes in legislation and the undertaking imposed on QR National by the Queensland Competition Authority (QCA) provide a regulatory environment that undertakes to prevent a privatised and vertically integrated QR National from engaging in anti-competitive behaviour.

The significant concessions achieved in the revised regulations include non-discrimination provisions which include specific prohibitions on cross subsidies, margin squeeze and cost shifting, as well as enhanced transparency and reporting obligations, introduction of a wide ranging annual independent audit of compliance, improved enforcement powers for the QCA and changes to the QR Network board structure so that a majority of directors are non-executive. Asciano will work with the QCA and other stakeholders in ensuring that these new regulations are strictly adhered to.

Asciano Managing Director and Chief Executive Officer Mark Rowsthorn said while a vertically integrated QR National is not the preferred model, "We are comfortable that our concerns have been addressed and the new undertaking and legislation go a long way towards ensuring a fair go for all above rail operators in Queensland.

"We are comfortable that declaration would not provide any further significant protections other than those achieved to date.

"We, along with our customers, will remain extremely vigilant of QR National to ensure it does not engage in anti-competitive behaviour. Should QR Network breach its undertakings, we will take all necessary measures to protect the interests of Asciano's shareholders and customers.

"We will continue to grow our business in Queensland and are confident we can reach 30 per cent market share by 2015," Mr Rowsthorn concluded.

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Media Contact:

Vida Cheeseman

Asciano

+61 410 507 547

vida_cheeseman@asciano.com.au

MELBOURNE

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

SYDNEY

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

Email: info@asciano.com.au
www.asciano.com

ABN: 26 123 652 862