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MEDIA RELEASE

Pacific National launches new Hunter Valley coal locomotives and wagons

Today, Pacific National launched 3 of its 15 new locomotives and 328 new wagons to service its Hunter Valley customers and the growing demand for export coal haulage.

Pacific National Divisional General Manager Coal, David Irwin commented, "Pacific National has enhanced its competitive advantage in this growing market by significantly increasing its overall operating capacity by approximately 15-20 million tonnes per annum."

"In the short term, adding 15 new 92 class locomotives to our fleet, provides additional operating flexibility and allows us to increase efficiency by replacing some of the older locomotives currently in use", said Mr Irwin.

The full benefits of this additional capacity will only be realised once the overall capacity of the Hunter Valley coal supply chain increases.

Our Australian manufactured locomotives were built locally by United Group Rail at Broadmeadow, Newcastle, and our wagons by Bradken in Ipswich and Mittagong.

Our investment in locomotives and wagons of over \$170 million will ensure we can continue to provide superior rail haulage services to our coal customers", said Mr Irwin.

It is important that all parts of the coal export industry continue to invest to ensure the capacity of this critical supply chain is maximised.

"Infrastructure capacity constraints have plagued the Hunter Valley Coal Chain for a number of years and it is essential that all coal chain parties expedite investment to support the 145 million tonnes nominal port capacity coming on line in 2011", said Mr Irwin.

Pacific National continues to invest in rolling stock as an indication of its commitment to, and confidence in, the industry's capacity to deliver a solution that will alleviate the issues associated with the existing port based capacity allocation system.

Creating certainty in the short to medium term within the coal chain is a key priority for all producers and service providers.

"The impetus for change and certainty for all coal chain parties is evident and the principles that have been developed by industry, during the review facilitated by Nick Greiner, will create a framework that is critical to releasing the coal chain from the operational and commercial constraints of the existing capacity allocation system", Mr Irwin said.

"Implementing a new way forward will provide all coal chain parties, including Pacific National, with increased operational and contractual certainty to underwrite further investment in the growth of Hunter Valley coal exports", said Mr Irwin.

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