

19 June 2008

CEO review – new investment proposition

The Transurban Group is offering a new investment proposition to the market as it implements the first decisions arising from an ongoing review of the business by CEO Chris Lynch. The Group today:

- Announced a \$659 million placement at the 30 day VWAP, a 7% premium to the current market price
- Confirmed a distribution of 29 cents per security for the six months to 30 June 2008
- Announced that distributions beyond that date will be reduced to more closely align to operating cash flow.

The changes strengthen the balance sheet and simplify the investment proposition.

Chris Lynch became CEO in April 2008 and immediately launched the review in the context of a new business framework (see the attached Total Securityholder Return “wheel”). Among other things, it covers:

- Safety including processes and procedures
- People including organisational structure
- Excellence including skills, capability and competitive advantage
- Financial discipline including operational costs, corporate costs, business efficiency and operating performance
- Funding in the context of Transurban’s growth options and capital structure
- Status of key relationships
- Sustainability.

Today’s announcement relates to three segments of the framework – excellence, financial discipline and growth. Transurban will implement the following initiatives:

1. Capital raising

- \$659 million placement
- Share Purchase Plan (SPP) of up to \$5,000 each to existing security holders, capped at \$100 million
- Distribution Reinvestment Plan (DRP) for the FY08 final distribution, underwritten to 75%.

Classification **Public**

Transurban Group

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Transurban Holdings Limited
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2. Revised distribution guidance

- Distribution guidance for FY09 will be 22 cents per security
- Going forward distributions will be more closely aligned to operating cash flows.

Transurban said the capital raising puts the Group in a position to fund targeted growth priorities going forward.

The review concluded that the business model needed to change for a number of reasons including:

- Material change in the debt markets
- Limited flexibility to fund growth opportunities such as Greenfields projects due to their impact on cash coverage of distributions to investors
- Limited ability to optimise the value of the Group's investment portfolio by selling mature assets, again because of the impact on cash cover.

Transurban CEO, Chris Lynch, said Transurban assets continue to generate strongly growing underlying cash flows. In the next 12 months he said the Group will focus on cost reduction and the pursuit of existing opportunities.

"Today's announcement means those opportunities are now funded," Mr Lynch said. "We have put the balance sheet on a stronger footing with greater flexibility and capacity to fund our project pipeline."

"Transurban is now a cleaner, easier to understand investment proposition."

Mr Lynch said Transurban's review would continue. He will update the market on further progress at the Group's full year results announcement on 27 August 2008.



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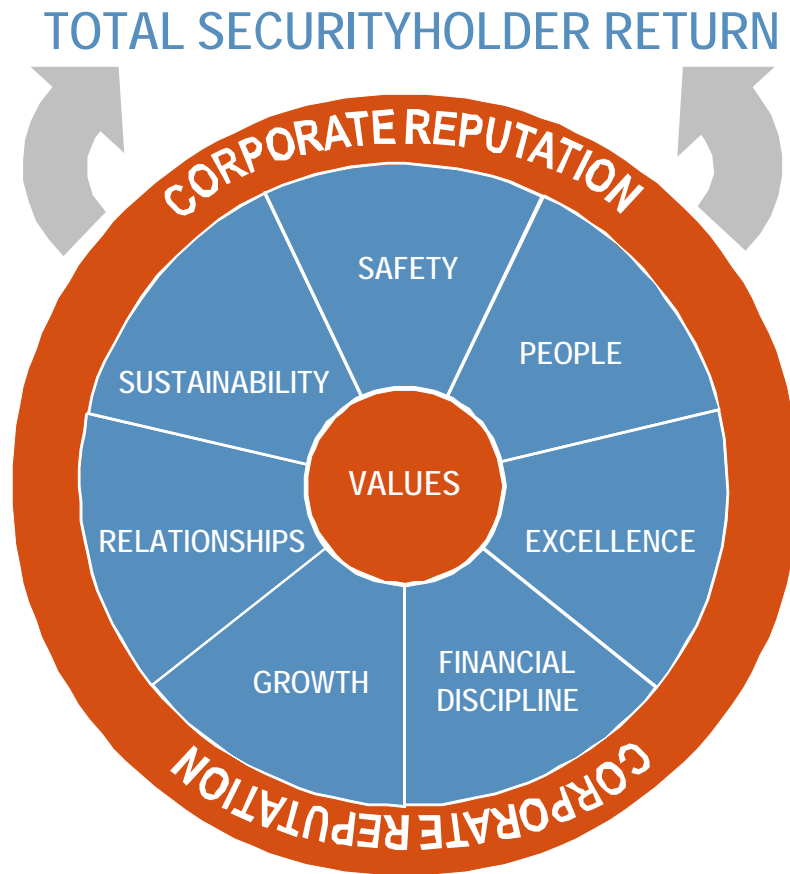
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Business framework:



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