

11 May 2009

By Email – Chris.Murphy@asx.com.au
Mr Chris Murphy
Adviser, Issuers, Melbourne
Australian Securities Exchange
Level 45, South Tower Rialto
525 Collins Street
MELBOURNE VIC 3000

Dear Mr Murphy

RE: PRICE QUERY

We refer to your letter dated 8 May 2009 in relation to the increase in price in Asciano Group ("**Asciano**") securities from \$1.43 at the close of trading on Thursday, 7 May 2009 to \$1.81 at the close of trading on Friday, 8 May 2009.

In response to your letter, Asciano notes the following:

1. Asciano is not aware of any disclosable information concerning it that has not been announced which, if known, could be an explanation for Friday's trading in securities of Asciano. Asciano is not aware of any materially price sensitive information concerning it which has ceased to be confidential so that it can no longer rely on the exceptions to listing rule 3.1 contained in listing rule 3.1A.

Asciano is aware of ongoing media and investor community speculation regarding the current asset monetisation process. Asciano provided an update on this process in its ASX announcement entitled "Monetisation and Third Quarter Operating Update" dated 21 April 2009. Asciano noted in that announcement that it "has received a range of proposals from a number of parties in relation to its expanded monetisation process as set out in Asciano's market announcement of 16 March 2009. These proposals include indicative offers for a range of different assets, together with a number of proposals relating to transactions that may result in a change of control and/or a recapitalisation of the Group". Asciano is not yet in a position to announce any outcomes in respect of the monetisation process as this process is still incomplete and subject to on-going confidential negotiations. All of the proposals received to date are non-binding, indicative and insufficiently definite to disclose.

In the period since 21 April, there has been no material change to the status of the monetisation process which would require disclosure under listing rule 3.1. In light of the current high level of media speculation, Asciano can confirm the following:

- Asciano has received a number of non-binding indicative proposals relating to a change of control and/or recapitalisation of Asciano and is now involved in continuing confidential discussions with four bidders for a transaction of this nature. Each of these bidders is currently participating in the second stage of due diligence. The identity of each of these bidders remains confidential;
- In addition, Asciano is involved in continuing confidential discussions with some parties who have lodged non-binding indicative proposals regarding a transaction involving one or more of Asciano's operating business units.

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- Asciano continues to target the announcement of one or more transactions by the end of the current financial year. It should not be assumed that any of these discussions will result in a transaction or that if a change of control and/or recapitalisation transaction were to occur that it would be priced at a premium to recently traded prices in Asciano's securities.

Whilst it is not usually Asciano's practice to comment on media speculation, Asciano has noted with concern a number of articles published in the Australian Financial Review over the past week. These articles have included the following speculation:

- that there are only two serious parties who have tabled recapitalisation proposals as part of Asciano's monetisation process;
- that the members of Asciano's banking syndicate with whom Asciano is currently negotiating an extension/rollover of its working capital and bank guarantee facilities have sought a maximum term on any extension/rollover of two months; and
- that a number of members of Asciano's banking syndicate are treating Asciano as a "workout" situation.

Asciano advises that these assertions are factually incorrect and have no basis or substance whatsoever.

2. Not Applicable

3. In its "Monetisation and Third Quarter Operating Update" issued on 21 April 2009, Asciano stated that it continues to:

"expect that Asciano's 2008/09 full-year EBITDA (excluding significant and non-recurring items) will be above the level achieved in 2007/08."

Asciano is not currently aware of any reason to amend this earnings guidance.

4. At its Interim Results Briefing Asciano announced that it had incurred individually significant items of \$97.5 million for the half year ended 31 December 2008. These items related to restructure costs of \$4.6 million and the balance related to impairment charges. The restructure costs were incurred following a group wide efficiency review to assess the effectiveness of Asciano's internal systems and processes, shared services centers and utilisation of people across Asciano.

Asciano expects to incur further restructure costs in the second half of the year ending 30 June 2009 as it implements the efficiency review findings. Other than these costs, there is no reason to think at this stage that the Group may record any other material abnormal or extraordinary items for the second half of the financial year ending 30 June 2009.

5. There is no other explanation Asciano has for the price change in Asciano securities on Friday, 8 May 2009.

6. Asciano confirms that it is in compliance with the listing rules and, in particular, listing rule 3.1.

Yours faithfully,

Fiona Mead
Company Secretary



8 May 2009

Ms Fiona Mead
Company Secretary
Asciano Group
Melbourne

By email only

Dear Fiona

Asciano Group (the "Group")

RE: PRICE QUERY

We have noted a change in the price of the Group's securities from \$1.43 on close of Thursday 7 May 2009 to \$1.81 at the close of trading today. We have also noted an increase in the volume of trading in the securities over this period.

In light of the price change and increase in volume, please respond to each of the following questions.

1. Is the Group aware of any information concerning it that has not been announced which, if known, could be an explanation for recent trading in the securities of the Group?

In answering this question please address the recent press reports that US based Global Infrastructure Partners may be looking to make a bid for all or part of the Company.

Please note that as recent trading in the Group's securities could indicate that information has ceased to be confidential, the Group is unable to rely on the exceptions to listing rule 3.1 contained in listing rule 3.1A when answering this question.

2. If the answer to question 1 is yes, can an announcement be made immediately? If not, why not and when is it expected that an announcement will be made?

Please note, if the answer to question 1 is yes and an announcement cannot be made immediately, you need to contact us to discuss this and you need to consider a trading halt (see below).

3. Is there any reason to think that there may be a change in the operating profit before abnormal items and income tax so that the figure for the full year ending 30 June 2009 would vary from the previous period by more than 15%? If so, please provide details as to the extent of the likely variation.
4. Is there any reason to think that the Group may record any material abnormal or extraordinary items for the full year ending 30 June 2009? If so, please provide details.
5. Is there any other explanation that the Group may have for the price change and increase in volume in the securities of the Group?

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6. Please confirm that the Group is in compliance with the listing rules and, in particular, listing rule 3.1.

Your response should be sent to me by return e-mail at Chris.Murphy@asx.com.au or by facsimile on facsimile number 03 9614 0303. It should not be sent to the Company Announcements Office.

Unless the information is required immediately under listing rule 3.1, a response is requested as soon as possible and, in any event, not later than half an hour before the start of trading (ie before 9.30 a.m. EDST) on Monday, 11 May 2009.

Under listing rule 18.7A, a copy of this query and your response will be released to the market, so your response should be in a suitable form and separately address each of the questions asked. If you have any queries or concerns, please contact me immediately.

Listing rule 3.1

Listing rule 3.1 requires an entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. The exceptions to this requirement are set out in listing rule 3.1A.

In responding to this letter you should consult listing rule 3.1 and Guidance Note 8 – Continuous Disclosure: listing rule 3.1.

If the information requested by this letter is information required to be given to ASX under listing rule 3.1 your obligation is to disclose the information immediately.

Your responsibility under listing rule 3.1 is not confined to, or necessarily satisfied by, answering the questions set out in this letter.

Trading halt

If you are unable to respond by the time requested, or if the answer to question 1 is yes and an announcement cannot be made immediately, you should consider a request for a trading halt in the Group's securities. As set out in listing rule 17.1 and Guidance Note 16 – Trading Halts we may grant a trading halt at your request. We may require the request to be in writing. We are not required to act on your request. You must tell us each of the following.

- The reasons for the trading halt.
- How long you want the trading halt to last.
- The event you expect to happen that will end the trading halt.
- That you are not aware of any reason why the trading halt should not be granted.
- Any other information necessary to inform the market about the trading halt, or that we ask for.

The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted. If a trading halt is requested and granted and you are still unable to reply to this letter before the commencement of trading, suspension from quotation would normally be imposed by us from the commencement of trading if not previously requested by you. The same applies if you have requested a trading halt because you are unable to release information to the market, and are still unable to do so before the commencement of trading.

If you have any queries regarding any of the above, please let me know.

Yours sincerely

Sent by electronic means without signature

Chris Murphy

Adviser, Issuers