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Address by Chairman Lindsay Maxsted and Chief Executive Officer Scott Charlton

Transurban 2013 Annual General Meeting

Thursday 10 October 2013

Please see the attached address to be delivered by the Chairman and the Chief Executive Officer to security holders at this morning's Annual General Meeting.

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CHAIRMAN'S ADDRESS

LINDSAY MAXSTED

Good morning ladies and gentlemen, and welcome to the 2013 Transurban Annual General Meeting. My name is Lindsay Maxsted, and I am the Chairman of the Transurban Group.

Before we start, can I please ask you to ensure your mobile phones are turned off or switched to silent.

I also want to make sure you are familiar with the evacuation procedures that we will follow in the unlikely event of an emergency.

The diagram on the screen behind me shows the evacuation points in the room, and I ask you to take the time to familiarise yourself with those exits.

If the evacuation alarm sounds, the venue's fire wardens will enter the room and direct us to the emergency evacuation points. The wardens will also tell us where to assemble once we leave the building. Those meeting points are also shown on the screen behind me.

We have an Auslan signer here with us today. Can I ask if we have any hearing-impaired

This morning we are holding three meetings concurrently. This is the AGM for:

- Transurban Holdings Limited;
- Transurban International Limited; and
- Transurban Holding Trust.

We have a quorum, so I declare the meetings open.

The Notice of Meetings was distributed to all of you. With your consent, I will take that document as read.

I would now like to introduce the Directors and our Company Secretary.

On my right we have our company secretary Amanda Street, next to our CEO Scott Charlton, who you will hear from later in the meeting. Then we have Board members, Neil Chatfield who is chair of our Audit and Risk Committee and member of each of the Nomination and Remuneration and Human Resources Committees; and Bob Edgar, Chair of the Remuneration and Human Resources Committee and a member of each of the Audit and Risk and Nomination Committees.

On my left is Sam Mostyn who is a member of the Nomination and Remuneration and Human Resources Committees. Sam is standing for re-election and will be addressing the meeting later today. Next we have Rodney Slater, our US-based Board member and a member of the Nomination Committee; Christine O'Reilly, who is a member of the Nomination and Audit and Risk Committees; and Ian Smith.

The 2013 financial year has been a significant one for the business. We have implemented successful change in the senior management ranks of the business, with Scott Charlton completing his first full year as CEO and making some important changes within his team. As part of that process, the strategy for the Group has been tested and reaffirmed, with a clear articulation of the areas of focus for the business today and in the future.

In the midst of this the business has continued to deliver strong results, which underpin our ability to deliver on strategic objectives and to be a strong partner to governments and our other key stakeholders.

In the 2013 financial year proportional toll revenue increased by 5.0% across the Group to $991 million, with all Australian roads recording an increase in revenues during the period.

EBITDA – earnings before interest, tax, depreciation and amortisation – was up 5.6 per cent on a proportional basis to $828 million, which supported a 2.3% increase in free cash for the Group. Our final distribution of 31 cents per security was consistent with our guidance and again included a 7 cent fully franked component.

In August the Board provided guidance of 34 cents per security for the 2014 financial year, which we expect to be 100% free cash covered. This guidance reflects the Board's confidence in the positive outlook for the business, and the strength of the underlying asset suite and the portfolio of enhancement opportunities being delivered. Consistent growth in free cash and distributions is, of course, central to the investment proposition we offer you, our security holders, and we remain focused on ensuring that the business continues to deliver in this respect. Our success in managing our road networks and partnering with governments to develop these networks is critical to delivering on that objective. This means there is a strong alignment between the commercial objectives of this business, and the objective to strengthen our communities through transport.

Looking at the operational highlights for the year, we remain focused on driving efficiency through our operations, which includes looking for opportunities to enhance our internal capabilities where possible. We have successfully consolidated some of the operations and maintenance in the Sydney market on the Lane Cove Tunnel and Hills M2, and we expect some further opportunities to present in the portfolio going forward.

On the corporate front, we have made some important changes in our US business that will allow us to fully focus our resources in the Northern Virginia area. We closed our New York City office – and we are continuing to work with the lenders on Pocahontas 895 to hand back that asset.

We have also restructured the executive team under our CEO Scott Charlton to better harness our core capabilities. We believe all of these changes will serve us well going forward.

Looking at our development projects, the Hills M2 Upgrade was completed on July 31st this year and has transformed the north-west corridor of Sydney for motorists. The M5 West widening remains on track for completion in late 2014 and will offer similar relief for motorists in the south-west corridor of Sydney. We have also made good progress in our negotiations with the NSW Government on our F3-M2 tunnel proposal, and I will talk more about that project in a minute.

The pipeline of development projects is progressively delivering and the growth outlook for the business in the near to medium term is benefiting from this. Beyond the Hills M2 Upgrade there are further projects that will progressively come on line over the next year to 18 months in the M5 widening in Sydney and 95 Express Lanes in the United States. In terms of the M5 project we will look at ways to progressively open the lane availability in that corridor ahead of final completion of the project itself, which means the south-west corridor could benefit from that upgrade well in advance of the final completion date.

Transurban is as well positioned today as it has ever been. As a major listed infrastructure business, our significant motorway footprint in Australia's two largest cities and our emerging footprint in Northern Virginia in the US place us in an excellent position to work with governments to tackle the transport infrastructure challenges of the 21st century.

The recent federal election in Australia re-focused attention on the infrastructure requirements in Australia and the pressing need for both state and federal governments to address the significant backlog of investment. Infrastructure reform was one of the key platforms, of course, of the newly elected Coalition Government. We applaud their intent and stand ready to support as a key private sector organisation that can contribute to this agenda.

The recent developments we have undertaken on the Sydney network offer a compelling example of the kind of contribution we can make as an organisation to improve the road infrastructure of our cities. Alongside our partners on the Sydney network we have committed more than $1 billion of investment to upgrade the M2 and M5 motorways in the past three years.

We have also made significant progress in our discussions with the NSW Government to develop the new F3-M2 link. We have agreed the basic funding sources for that project, and are working through the third and final phase of the Government's unsolicited proposal framework. If successful, this will be a transformative project for the northern section of the Sydney orbital network, with capital investment in the construction effort alone of up to $2.65 billion.

Projects such as this demonstrate the ability of the private sector to bring capital to the table to address major infrastructure projects. This will be critical to our success as a society in addressing the infrastructure investment backlog. Transurban is releasing a paper today examining this very point. It looks at the availability of the funding models and options that could be considered by government to harness private capital – and achieve more in the current environment. It is clear that the development of infrastructure presents a potential driver of economic stimulus in the years ahead. The improvement to transport infrastructure, in particular, will make our cities more competitive in the global economy of the 21st century. As governments across Australia pursue this objective, those that find ways to access capital beyond their own balance sheets will be able to address this problem most effectively.

In 2013, Infrastructure Australia estimated that more than $80 billion in funding for priority projects is currently required, including $11 billion for projects that were ready to proceed. The majority of these projects relate to transport infrastructure. In a world where capital is scarce and the competing uses for the public purse are compelling, the overall objective for stretched public budgets should be to deliver the most effective infrastructure with finite resources, in the fastest possible time.

In the paper we have released today we have considered a number of funding options available to governments as a means of accessing private capital. These options include asset sales, the traditional user pays model (where the project characteristics support this), and availability payments in certain instances, as well as additional ways to stimulate investment such as government-subsidised lending programs.

The model of developing infrastructure under a user pays model is central to Transurban's approach, and one that we have successfully employed in partnership with governments for many years. Interestingly, a misconception has emerged in recent times that risk appetites for infrastructure development projects within the private sector have reduced to the point where patronage risk must be removed before the projects can attract private capital. This is simply not true.

Despite some of the troubled PPPs in Queensland and elsewhere in recent years, there are also many examples of successful infrastructure development collaborations between the public and private sector. These demonstrate the kind of outcomes that can be achieved when a more sensible approach to procurement and engagement is adopted. Indeed the current Transurban portfolio of assets is testament to that fact.

Our current negotiations with the NSW Government on the F3-M2 link in Sydney's north further reinforce a development model in which governments can work with infrastructure specialists to price patronage risk and, in doing so, access new capital to fund these projects. In that instance the NSW Government's process of inviting unsolicited proposals has encouraged innovation, particularly on funding options, and has delivered the likelihood of significant investment into the road network of NSW. Most importantly, this model has delivered new money into the road funding mix beyond the public purse.

There are other advantages that the private sector can bring to the table in terms of how major infrastructure projects are delivered. One of these is the approach to sustainability. The F3-M2 project offers a good example of how the private sector can work with governments to deliver major infrastructure in a more sustainable way. On that project Transurban and the other Westlink M7 shareholders will work together with the NSW Government to achieve strong sustainability outcomes across all stages of that project – from asset design to construction, and eventually operations and maintenance.

This approach is consistent with progress that Transurban has made in the past year in its approach to managing sustainability. The Board has supported the introduction of a revised Sustainability Strategy within the business, which provides a clearer framework for approaching the issues that our business faces now and in the future.

The framework divides our approach to sustainability into three high-level, easily understood areas of focus – be good neighbours, use less and think long term. These are simple expressions and straightforward principles that define our practical approach to this area, Still on sustainability, we have also made progress over the past year on diversity across the organisation, which is a major focus for the business. It is clear that diversity of skills, experience and opinion can be valuable factors underpinning a strong organisational culture. That is one of the reasons we want to support a culture of diversity at Transurban.

Our Executive Committee has a gender mix of 44% female to 56% male, while the gender breakdown for our senior management team is 40% female to 60% male. The restructure in the executive ranks gave the business an opportunity to actively review pay and gender representation among senior representatives.
As we look forward, we have set very clear objectives for the Group in 2014 in three key areas of diversity. Gender diversity remains a strong focus, while the second area, which is partially related to the first, relates to fostering flexible work places. The Group is aiming to support awareness, acceptance and adoption of flexible work practices at all levels across Transurban. The third and final area relates to cultural diversity within the business, with a focus on ensuring the Transurban workforce reflects the broader population and communities we serve.

If you would like more detail on our sustainability performance, we are releasing our 2013 Sustainability Report today. The report provides a holistic overview of Transurban's performance over the past year by looking at our activities from an economic, social and environmental perspective. It is available on our website.

Transurban's progress in sustainability reflects the continual improvement we are striving for across all areas of the business. The progress we make will help Transurban build on its position as a world-class owner, operator and developer of road infrastructure – at a time when there is widespread recognition that infrastructure investment will help our cities thrive into the future. We have a unique blend of skills and expertise, and a culture that supports our commitment to be a good, effective partner to governments – and that makes the future bright for Transurban.

Thank you for your ongoing support of Transurban. I would now like to hand over to our CEO, Scott Charlton, before we move to the official business of the meeting.

CEO'S ADDRESS

SCOTT CHARLTON

Thank you, Lindsay.

The results of the 2013 financial year, which our Chairman has just outlined to you, are testimony to the hard work and commitment of the entire Transurban team. It's been an outstanding effort and one I am proud to share with our investors today.

Transurban is a business that is performing well and is well positioned for the future. Our traffic and revenue results for the September 2013 quarter were released yesterday and reflected the strongest quarterly toll revenue growth in percentage terms in nearly three years. Those results show the benefits of our investment on the Sydney network in recent years, with the completion of the Hills M2 Upgrade project delivering strong growth in the north-west corridor of the network. That growth has continued in October with average daily traffic on Hills M2 up 13% in the month to date.

We have a portfolio of road assets that is among the best in the world, with a suite of opportunities that provides attractive options for enhancement. Importantly, the competitive advantages that Transurban has built are significant and mean that the business is uniquely positioned to work with governments in our core markets to operate and develop road infrastructure to improve our transport networks. This allows us to build upon our key investment proposition of continuing to grow our distributions over time.

Transurban has a rare blend of skills and intellectual property, which enable us to engage in a broad spectrum of activities to help manage road networks and undertake further development in partnership with governments. I'd like to take you through the business in a bit more detail now, to paint a picture of what I am referring to when I talk about this unique blend of skills and intellectual property.

As a business we are operating in a high-volume transportation and commercial environment that is integral to the movement of people and freight around our cities. Our transport networks carry hundreds of millions of trips a year. To give you a sense of the scale of our networks, in Melbourne the CityLink tunnels carry more than 40 million trips a year. CityLink averages more than 300,000 trips on week days, with the morning peak averaging more than 60,000 trips.

To effectively manage these large networks we have advanced systems and technology that our partners have developed with our help over many years. For instance, the roadside systems use vehicle detection and classification technology, which is derived from the defence industry. These stereoscopic - 3D - video systems mounted on our gantries detect, track and classify fast-moving objects in real time. This utilises military-grade technology - the same technology used on missile guidance systems. On the 495 Express Lanes the roadside vehicle detection systems use state-of-the art laser technology derived from the

The tolling systems we have developed are no less complex. Transurban was a world pioneer of multi-lane free-flow tolling on CityLink in the late 1990s, and more than a decade on we continue to develop systems at the forefront of the industry. The most recent example is in the US, where – with our partners – we have developed the tolling system on the 495 Express Lanes, which changes the toll price dynamically to manage demand in these lanes. The algorithm governing this dynamic pricing mechanism was four years in development and is capable of changing the price every three minutes taking into account a range of factors including the minimum speed requirements, traffic density in the tolled lanes and the adjacent general purpose lanes, the number of high occupancy vehicles and the available entry and exit points.

If you look at the retail aspects of the business, the complexity of the vast customer base requires sophisticated interfaces that have parallels to other high transaction volume industries such as the mobile telecommunications industry. We have more than 5 million customers using our roads, and more than 1 million on CityLink alone, accessing multiple products. Our service offerings and account management are developing to stay in step with consumer expectations, including increasing migration to web-based offerings, which can be accessed from a variety of platforms.

The operations and maintenance of our assets require teams of engineers to ensure that all assets are optimised using integrated asset-management systems and practices. Such practices are utilised in other safety-critical industries such as the petrochemical industry. The breadth of activities encompassed within this part of the business ranges from lifecycle planning and maintenance of all aspects of the road and technology systems, to incident management in the operations centres that monitor each of the roads. To give you a sense of the scale of that task, the team that manages CityLink is confronted with more than 7000 on-road incidents a year, ranging from minor incidents such as vehicle breakdowns, to major safety incidents that require a coordinated response from emergency services.

In recent years we have been able to achieve significant safety improvements for our customers through innovations such as electronic speed and lane control, specialist tunnel safety systems and automatic detection of incidents on the road to ensure rapid response.

The data we collect for our managed roads shows a continuing decline in the number of collisions involving injury.

The network development activities undertaken within the Group are also significant, and require a high level of expertise to ensure appropriate outcomes both for you, our security holders and owners, as well as our government partners. We have Australia's largest dedicated in-house team of transport network planners and traffic modellers. Our people, along with our development and corporate financing specialists, work with governments to structure projects and existing opportunities in such a way that they have appropriate risk-return profiles and can be funded with minimal burden to the public purse – and, of course, with appropriate returns for our security holders. Our NSW business shows the kind of successful investment that we have been able to make in recent years drawing upon these core competencies.

We have invested more than $1 billion collectively, alongside our partners, on the Sydney orbital network to widen the Hills M2 and M5 West motorways in the past three years. As I said earlier, we are starting to realise returns on the investment with the completion of the Hills M2 Upgrade. We are also working alongside our partners in the M7 motorway to move through the third and final stage of the exclusive negotiation process to build and finance the new F3-M2 link on the Sydney network. If successful, this will entail a construction project of up to $2.65 billion, of which our ownership is approximately 50%. This project will be one of the largest single investments on the Australian road network in the past decade. Ultimately, this project promises to deliver a new 8km tunnel, which is a vital missing link on the Sydney network, and the longest tunnel of its kind in Australia.

Projects such as the F3-M2 link are proven to stimulate growth and generate significant value for the cities they serve, and we are proud to be able to partner with governments to deliver such significant infrastructure projects. These types of projects also cement Transurban as the partner of choice in our core markets. We would also like to recognise the NSW Government for having the foresight to encourage the private sector to develop such proposals, which, in this instance, will bring a critical project forward by a decade. They have found a way to have an innovative and creative conversation with the private sector about how to collectively tackle a problem for the benefit of all stakeholders.

Our work to improve our networks isn't limited to these larger development projects. Here in Victoria, we are continuing to work with VicRoads and the Government to enhance the experience for our customers using CityLink. Those of you who use CityLink regularly may be aware of the congestion points for city-bound traffic on the Bolte Bridge and West Gate interchange. We are having discussions with the Government around these issues and we hope to have solutions to announce over the next year. As the State continues to progress the East-West Link project, which connects with the western section of CityLink, addressing these congestion points is critical to the success of the total network.

We are also realising the benefits of the GLIDe tolling system on CityLink, which has now been in place for nearly two years and is improving efficiency. We are seeing a steady move to online transactions as customers take advantage of our improved web and mobile channels.

We are looking to introduce the GLIDe system to our assets in NSW, which will give us an opportunity to not only improve the customer experience but achieve further operational efficiencies across our asset base in Sydney.

As I described earlier, our US business is where we have successfully undertaken some of our most innovative work in recent years, particularly in the areas of technology and tolling. In November last year we opened our 495 Express Lanes along 22kms of the Capital Beltway in the Washington DC area. The Express Lanes that we have built alongside the existing free lanes are among the most technologically advanced in the world.

We are also progressing well on the construction of the adjoining 95 Express Lanes project, which will increase our footprint on the Northern Virginian network. On this project we are adding a third lane to existing HOV lanes – and those lanes are 'reversible', operating in the direction of peak travel.

The Express Lanes network in Northern Virginia shows the kind of targeted objectives that can be addressed through innovation in pricing models. In this instance we have developed an attractive project model for our government partners and provided a means of improving service levels for our customers through the pricing mechanisms. This goes to the heart of the Group's unique offering and capability as a partner to governments.

Great cities need great transport networks that can move people and goods as safely and quickly as possible. Efficient transport networks build better, stronger and more sustainable communities. Transurban, as a long-term owner and operator of toll roads, plays a major role in that space. And that's not something we do by being a passive bystander.

This year employees across Transurban worked together to update the vision for our business to reflect what we want to achieve. We agreed on "to strengthen communities through transport" because it recognises that what we do, and how we do it, has a real impact on the daily lives and productivity of our cities and the communities within them.

We also enhanced our approach to sustainability, harnessing all that we do into three pragmatic areas of focus – be good neighbours, use less and think long term. Yes, they are straightforward principles – but sometimes the simplest things are the hardest to do well. But it is only by doing these things that we can fulfill our vision to strengthen communities through transport.

We do all this in the context that you, the security holders, expect an attractive financial return and demand that your management team produces superior outcomes with your capital. We continue to focus on the key investment themes of operating discipline, growing distributions and adding long-term value in every decision that we make.

We always look at our operations and projects as offering “shared value”. That is, they benefit communities, our partners in government and, ultimately, you, our investors.