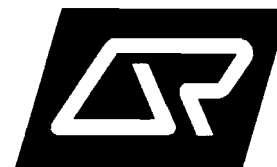


29 JUL 2008

DATE RECEIVED

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Mr John Hall  
Chief Executive Officer  
Queensland Competition Authority  
GPO Box 2257  
Brisbane Qld 4001

Dear John,

#### **QR's 2008 ACCESS UNDERTAKING**

As you are aware, QR Limited (QR) has announced a corporate restructure which will involve the creation of a number subsidiaries wholly owned by QR.

As part of the restructure, substantially all of the assets associated with QR's below rail services will be transferred to a new subsidiary, QR Network Pty Ltd (QR Network), on 1 September 2008. Ownership of below rail assets not transferring to QR Network (e.g. stations and platforms) will be retained by QR.

The existing declaration under section 6 of the *Queensland Competition Authority Regulation 2007* will not change as part of the restructure. The impact of this is that from 1 September 2008 QR will cease to be the owner and manager of those assets and QR Network will become the owner and manager. QR will no longer be legally entitled to give an access undertaking to the Queensland Competition Authority (QCA) in relation to the network to be owned and managed by QR Network.

QR believes that:

- In accordance with section 148 of the *Queensland Competition Authority Act 1997* (QCA Act), QR's 2005 Access Undertaking (the 2005 Undertaking) should be withdrawn; and
- In accordance with section 136 of the QCA Act, a new access undertaking (the 2008 Undertaking) must be submitted by QR Network in respect of the below rail assets it owns and manages, comprising the declared service.

In view of the above, QR hereby withdraws the 2005 Undertaking (with effect on and from 1 September 2008) subject to the QCA's written agreement, under section 148(3)(a) of the QCA Act, to that withdrawal.

QR Network will separately and formally submit to the QCA the 2008 Undertaking for approval by the QCA in accordance with section 136. It is proposed that the 2008 Undertaking becomes effective on 1 September 2008 and terminates on 30 June 2009.

QR Network's approach for the 2008 Undertaking is to preserve the regulatory principles contained in the 2005 Undertaking, subject to a number of amendments to ensure the 'workability' of the document in the short period before QR Network's 2009 Access Undertaking (the 2009 Undertaking) is approved by the QCA.

To allow for a smooth transition at 1 September 2008 (and given the current process to comprehensively review the regulatory arrangements for the 2009 Undertaking), QR Network has proposed to roll forward obligations in the 2005 Undertaking.

In order to comply with these obligations, QR Network will require the co-operation of QR (including its business groups) and QR's subsidiaries. This means that for the following 10 months QR and QR subsidiaries will, as necessary, need to comply with the following provisions in Parts 2 and 3 of the 2008 Undertaking relating to third parties:

- Paragraphs 2.1(c) and (f) regarding access to land;
- Paragraph 2.1(h) regarding supply of electric charge;
- Paragraphs 2.1(d) to (i) regarding transfer of rail infrastructure; and
- Clauses 3.1 and 3.3 regarding ringfencing.

In each circumstance QR Network, rather than QR or QR's subsidiaries, will be held accountable for compliance with these provisions.

In this regard, I confirm that in addition to QR Network's obligations under Parts 2 and 3 of the 2008 Undertaking, QR:

- And QR Network will enter into a Confidentiality Deed addressing compliance by QR and its business groups with QR Network's ringfencing obligations; and
- Undertakes to take all reasonable steps, as necessary, to ensure the QR group's compliance with QR Network's obligations such that QR Network is able to comply with the 2008 Undertaking.

In view of the above, I would be pleased if you would arrange for the QCA Board's approval of QR's withdrawal of the 2005 Undertaking.

Please contact Gayle Andrews on 3235 5476 should you have any further queries regarding the above.

Yours faithfully



Lance Hockridge  
Chief Executive Officer  
QR Limited

28 July 2008

