



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

Dear John,

QR NETWORK'S 2008 ACCESS UNDERTAKING

I refer to my letter of 28 July 2008 in which QR Limited (QR) advised the QCA of its a corporate restructure which involved the creation of a number of subsidiaries wholly owned by QR and which included substantially all of the assets associated with QR's below rail services being transferred to a new subsidiary, QR Network Pty Ltd (QR Network), on 1 September 2008.

As a consequence of this restructure, I advised that 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*Queensland Competition Authority Act 1997* (QCA Act), QR's 2005 Access Undertaking (the 2005 Undertaking) should be withdrawn; and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) should 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, I sought to withdraw QR's 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 has separately submitted 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.

I understand that, in considering QR's request for withdrawal of its 2005 Undertaking and QR Network's request for acceptance of its 2008 Undertaking, the QCA has sought clarification from QR regarding how QR Network will comply with certain aspects of the 2008 Undertaking.

In this regard, I would like to confirm that, to allow for a smooth transition to the new corporate structure (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 term of the 2008 Undertaking (including any extensions of this term) 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 2.2(d) to (i) regarding transfer of rail infrastructure; and
- Clauses 3.1, 3.3, 3.3.2 and 3.5.1(c) regarding ringfencing.

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

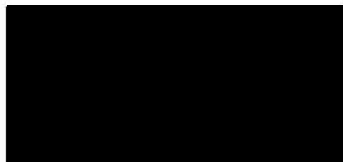
In this regard, I confirm that in addition to QR Network's obligations under Parts 2 and 3 of the 2008 Undertaking, QR:

- 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

20 September 2008