

DRIVING GROWTH

2010 SECURITY HOLDER REVIEW



ABOUT TRANSURBAN

We are a values-based, value-driven toll road owner and operator with assets and projects in Australia and the United States.

We aim to create maximum value for our customers, our communities and our investors.

Our values – honesty, integrity, humility and accountability – underpin all that we do.

WE HAVE:

- Interests in six Australian toll roads
- Interests in two US toll roads (one under construction)
- More than 5.1 million customers globally
- More than 600 employees in Australia and the US
- Appeared on the Dow Jones Sustainability Indexes World list every year since 2006.

THE ANNUAL REPORT

This year we have produced a separate Security Holder Review, which outlines our performance highlights. Our Annual Report, which includes our Financial Statements, is available at www.transurban.com

KEY FY10 FINANCIAL RESULTS

REVENUE



6.9%

\$842.4M

UNDERLYING
PROPORTIONAL
REVENUE UP 6.9%
TO \$842.4 MILLION

EBITDA



13%

\$606.9M

UNDERLYING
PROPORTIONAL
EBITDA (EARNINGS
BEFORE INTEREST,
TAX, DEPRECIATION
AND AMORTISATION)
WAS \$606.9
MILLION UP 13%

FREE CASH



31.8%

\$347.5M

UNDERLYING
FREE CASH
UP 31.8% TO
\$347.5 MILLION

OUR FY10 PERFORMANCE HIGHLIGHTS

ASSET AND OPERATIONAL HIGHLIGHTS

- **CityLink** – benefits of M1-CityLink upgrade evident, with average daily traffic up 9.3% in June 2010 versus June 2009 – the highest monthly growth since February 2002.
- **Lane Cove Tunnel** – reached agreement in May to acquire this key link in the Sydney orbital network. We took operational control in August.
- **Hills M2 Upgrade** – in principle agreement with New South Wales (NSW) Government and Environmental Assessment public exhibition period completed.
- **M5 widening** – initial agreement reached with NSW Government.
- **Capital Beltway HOT Lanes** – construction more than 45% complete. Three million construction hours with one lost work day case – well below industry average.

- **Sustainability** – Listed in the Dow Jones Sustainability Indexes World list of high-performing companies for the fourth straight year.
- **Employee engagement** – our Employee Opinion Survey results show that we are outperforming top Australian companies in 16 out of 18 categories.

FOUR-YEAR SUMMARY

	2009-10 \$M	2008-09 \$M	2007-08 \$M	2006-07 \$M
UNDERLYING PROPORTIONAL RESULTS¹				
Toll Revenue	773.9	724.9	678.6	564.4
Total Revenue	842.4	787.7	738.6	582.9
Proportional EBITDA	606.9	537.0	484.9	388.6
STATUTORY RESULTS²				
Toll Revenue	684.4	678.3	626.2	467.3
Net Profit/(Loss)	59.6	(16.1)	(105.3)	(152.2)
BALANCE SHEET METRICS				
Total Equity	4,176.5	3,841.1	3,969.5	3,931.0
Distribution per security (cents)	24.0	22.0	57.0	54.0

FINANCIAL HIGHLIGHTS: PROPORTIONAL

- Strong traffic and revenue growth across our portfolio of Australian assets
- Underlying proportional revenue was up 6.9% to \$842.4 million
- Underlying proportional EBITDA was \$606.9 million up 13.0%. Third year of double digit percentage growth in EBITDA
- Strong underlying free cash growth – up 31.8% to \$347.5 million
- \$18.7 million in further cost reductions in FY10, bringing total cost reductions across the business to \$45.3 million since FY08
- More than \$1.5 billion of debt successfully refinanced across corporate and project-level facilities
- \$542.3 million raised through entitlement offer to fund Lane Cove Tunnel acquisition and expansion projects on Sydney's Hills M2 and M5 motorways
- Full-year distribution of 24 cents per security was declared – 9% increase on the prior year
- Distribution of at least 26 cents per security forecast for the year ending 30 June 2011.

1. Underlying proportional results are from the continuing portfolio and exclude the M4. The Group's underlying proportional result reflects business performance. The exclusion of certain items permits a more appropriate and meaningful analysis of the Group's underlying performance on a comparative basis. This method of presentation differs from the statutory accounting format.

2. Statutory results are available in the online financial statements at www.transurban.com

CHAIRMAN'S REPORT



Dear Security Holder,

The past year has seen Transurban build on its position as a world leader in our sector with another excellent set of financial results.

Traffic and revenue is growing strongly on all our Australian assets and a 13% increase in our underlying proportional EBITDA marks our third year of double-digit percentage growth.

The strong result has helped generate 31.8% growth in underlying free cash to \$347.5 million. Alongside this, our program to reduce costs across the business has now delivered total cost savings of \$45.3 million since June 2008 – more than double our original cost reduction target.

Transurban is in great shape. Not only has our quality road portfolio consistently produced strong results, we have a healthy project pipeline, with committed funding capability, that will deliver further value for our security holders.


This financial year our Australian projects reached some significant milestones.

We reached in-principle agreement with the NSW Government for a major upgrade of the Hills M2 motorway in Sydney. Along with Interlink Roads, we also reached an initial agreement with the NSW Roads and Traffic Authority to develop a concept design and funding plan to widen the M5. Negotiations continue on both projects with financial close expected in the current financial year.

In Melbourne, we are already starting to see traffic increase on CityLink with the M1 Upgrade nearing completion.

In the US, construction is now more than 45% complete on our Capital Beltway (I-495) High Occupancy Toll (HOT) Lanes project.

In May we reached agreement to acquire Sydney's Lane Cove Tunnel. We assumed operational control in August. Already, we have taken action to remove \$8.5 million in annualised costs from tunnel operations and we expect it to be a good contributor to our portfolio from 2011.



The year also saw major activity surrounding our funding arrangements, with the successful \$542.3 million capital raising to fund Lane Cove and the M2 and M5 growth projects, and more than \$1.5 billion of debt refinanced across corporate and project facilities.

The success we have seen in our refinancing activities again underscores the high-quality nature of our assets and their attractiveness to lenders.

Our business relies on its relationships with not only lenders but many other stakeholders including Governments. It is the strength of these ties that will underpin our success in the future.

As you would be aware, in the past financial year the Board gave serious consideration to proposals from our largest security holders to acquire Transurban.

The Board has a clear view of Transurban's long-term value and did not believe that the premium being offered to acquire Transurban was sufficient to compensate security holders for what we believe is an extremely bright outlook. Our assets and projects pipeline have the potential to deliver a significant uplift to Transurban's cashflows, which will,

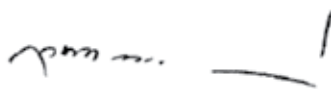
in turn, drive returns and create value for our security holders over the long term.

To reflect our confidence in the company's outlook, the Board has forecast distributions to total at least 26 cents in FY11.

I would like to take this opportunity to thank my fellow Board members, including former Chairman David Ryan, who resigned in August. David leaves a strong legacy and I look forward to building on it.

Finally, I want to acknowledge the dedication and drive of our management team and our employees. It takes much hard work to produce these type of results and my thanks go to all who played their part. We are fortunate to have such a strong team at Transurban.

The Board and I look forward to the coming year and continuing to build on Transurban's success.



Lindsay Maxsted
Chairman

**“THESE RESULTS ARE THE
OUTCOME OF CONTINUED
EFFORTS BY ALL OUR PEOPLE
IN PURSUING VALUE FOR
SECURITY HOLDERS.”**

**CHRIS LYNCH
CEO**



OUR WORLD-CLASS SUITE OF ASSETS



Smarter roads: CityLink's new freeway management system.

STRONG EBITDA GAINS ACROSS PORTFOLIO

YEAR ENDED 30 JUNE 2010

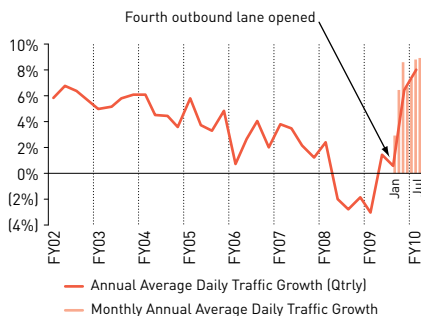
% OF PROPORTIONAL TOLL REVENUE		TRAFFIC GROWTH [%]	TOLL REVENUE GROWTH [%]	EBITDA GROWTH [%]
47.3	CityLink	4.0	9.1	10.9
16.0	Hills M2	1.8	13.3	19.9
7.6	M1 Eastern Distributor	3.9	4.4	6.2
6.9	M4 ¹	2.5	N/A	N/A
10.3	Westlink M7	6.7	9.5	9.1
10.1	M5	3.4	3.6	4.6
1.8	Pocahontas (USD)	[5.9]	[0.7]	[33.0]
Total Transurban Group		N/A	6.8	13.1

¹ The M4 concession ended on 15 February 2010 resulting in its EBITDA decreasing by 38.7% on the prior year.

CITYLINK (100% OWNERSHIP)

In June 2010 CityLink recorded its strongest monthly traffic growth since February 2002. This growth reflects the capacity that has been restored to the critical east-west corridor of Melbourne through the Monash-CityLink- West Gate upgrade.

CITYLINK TRAFFIC GROWTH



OUR WORLD-CLASS SUITE OF ASSETS

HILLS M2 (100% OWNERSHIP)

Toll revenue was \$141.5 million, an increase of 13.3% on the previous financial year. Hills M2 is our next major asset that will benefit from substantial upgrade works. Final agreement with the NSW Government and the beginning of a two-year construction program is expected later this year.

M1 EASTERN DISTRIBUTOR (75.1% OWNERSHIP)

Growth of 3.9% in average daily traffic in the year reflects the Eastern Distributor's position as a core urban corridor of Sydney. Initiatives to control costs through management of operational and maintenance contracts have driven further improvements in the financial performance of this road.

WESTLINK M7 (50% OWNERSHIP)

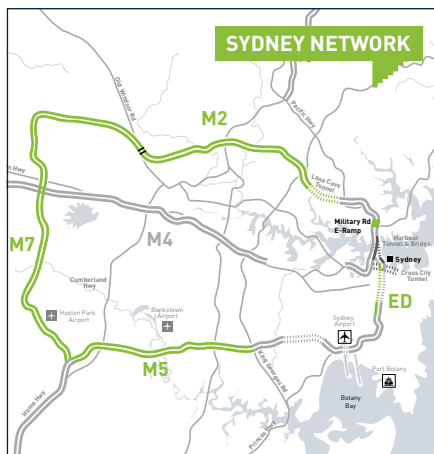
The growth characteristics of the M7 corridor were demonstrated through another strong year of traffic growth. Average daily traffic grew by 6.7% in the year, a strong result for a road in its fifth year of operation.

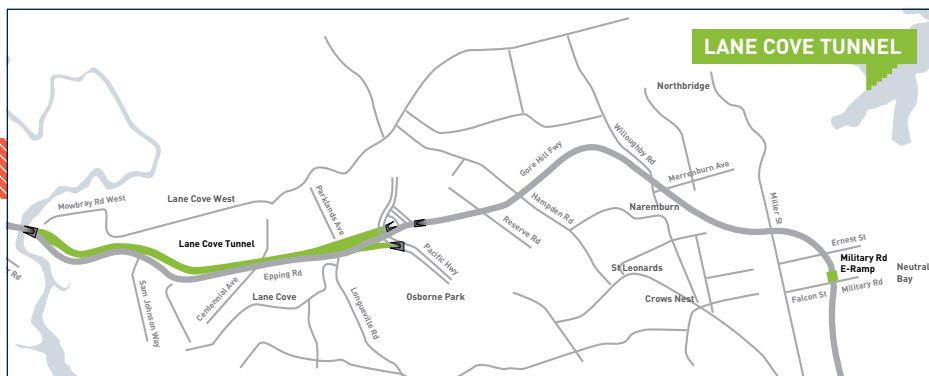
M5 (50% OWNERSHIP)

Another strong year of traffic growth with average daily trips up 3.4% in the year. Plans to widen the M5 are under negotiation and once finalised will deliver additional capacity to meet the demand in this corridor.

“The Lane Cove acquisition cements our position in the Sydney network. The immediate improvement in the cost structure is a good example of the capability of our people and their focus on shareholder value.”

Chris Lynch
CEO





LANE COVE TUNNEL (100% OWNERSHIP)

On 10 May 2010 we announced we had reached agreement to buy Sydney's Lane Cove Tunnel for \$630.5 million. We took operational control on 10 August.

The tunnel cost the original owners almost \$1.7 billion, including construction costs of approximately \$1.1 billion.

The 3.6 kilometre Lane Cove Tunnel, a key link in the Sydney orbital network, connects to our wholly owned Hills M2, which serves the transport needs of Sydney's fast-growing north-west corridor.

A fully electronic tollway, Lane Cove Tunnel opened in 2007. Traffic growth has been strong since opening and it has a remaining concession of 27 years.

A strong 2011 is expected with targets set to deliver cost control, traffic growth and network enhancements that are uniquely available to Transurban.

The acquisition was funded through cash on-hand from the capital raising completed in June and additional debt financing.

POCAHONTAS 895 (75% OWNERSHIP)

Returned to positive traffic and revenue growth in the June quarter 2010.

Pocahontas 895 Airport Connector Road – the direct link to Richmond International Airport from our road – is on track to open in 2011.

M4 MOTORWAY

The M4 was handed back to the NSW Government on 15 February 2010 at the end of our concession.

Rent from the M4 service centre, which includes service stations and fastfood outlets, will continue until 2017.



Lane Cove Tunnel: Transurban took control in August 2010.



**“THE M1-CITYLINK UPGRADE
IS A WIN FOR GOVERNMENT,
MOTORISTS AND INVESTORS.”**

**BRENDAN BOURKE
CHIEF OPERATING OFFICER**

OUR AUSTRALIAN GROWTH PROJECTS

MELBOURNE: M1-CITYLINK UPGRADE

Project:

Construction of extra lanes and a freeway management system to help ease congestion and improve traffic flow on the M1 including CityLink's southern section. Freeway management system to monitor and manage traffic flow. The Victorian Government is managing the works on the adjoining Monash and West Gate freeways while Transurban is responsible for work on CityLink.

Cost:

\$1.39 billion (joint project with Victorian Government)

Value creation:

Forecast to deliver an additional 7% traffic growth on CityLink within five years of completion, over and above the natural growth that would have occurred if the project had not been undertaken. The full upgrade is not yet complete but figures already show the strongest traffic growth observed on CityLink since February 2002.

Economic benefits:

Improved traffic flow and safety on one of the state's busiest road corridors – a 75-kilometre route which carries around 160,000 freight and commuter vehicles daily. The Victorian Government expects to generate an estimated \$14.5 billion in community benefits from the project.

“The RACV is looking forward to timely completion of the M1 Upgrade Project. Adding an additional lane in each direction to improve capacity and better realise the inherent capacity of the CityLink tunnels will provide significant benefit for the community, especially for freight movement.”

Brian Negus

GENERAL MANAGER RACV POLICY

Status:

All CityLink work on schedule to open additional lanes for traffic in October 2010 and a fifth lane (both directions) on West Gate Bridge scheduled to open by December 2010.

OUR AUSTRALIAN GROWTH PROJECTS

SYDNEY: HILLS M2 UPGRADE

Project:

Construction of additional lanes in both directions along 14.5 kilometres of the motorway to help ease congestion and improve traffic flow. Includes tunnel widening and four new tolled ramps to improve access to the motorway.

Cost:

An estimated \$550 million

Value creation:

Traffic expected to increase by approximately 17,300 average daily trips by 2016. All tolls will increase by approximately 8% on construction completion. Work includes four new access ramps, which are also new toll points. Concession extended by four years to 2046.

Economic benefits:

Significantly reduced congestion in peak periods and improved access to major growth areas along the motorway. It would service expected growth in Sydney's north-west, which includes 140,000 new homes and 100,000 new jobs over the next 25 years.

Employment:

Up to 800 new construction jobs during the project and an estimated 2,400 indirect jobs (NSW Government).

Status:

In-principle agreement with the NSW Government signed in October 2009. The Environmental Assessment was on public exhibition and out for comment

“The M2 is already one of the busiest corridors in Sydney and connects Sydney’s major growth area to economic and cultural hubs. The widening is an obvious candidate for immediate delivery.”

Brendan Lyon

EXECUTIVE DIRECTOR OF INFRASTRUCTURE
PARTNERSHIPS AUSTRALIA



for 34 days until 21 June. Financial close is targeted before end of 2010, with construction expected to start soon after. Completion targeted for 2012.



M5 Motorway: Initial upgrade agreement signed in 2009.

SYDNEY: M5 WIDENING (INTERLINK ROADS PROJECT – 50% TRANSURBAN OWNERSHIP)

Project:

Widening of the existing 21-kilometre motorway to three lanes in each direction to help alleviate congestion throughout the corridor, which is the main road freight, commercial and passenger route between Port Botany and Sydney Airport and south-west Sydney.

Cost:

An estimated \$350–\$450 million

Value creation:

Anticipated traffic uplift and enhanced revenue to be determined subject to final project scope.

Economic benefits:

Enhances network connectivity between ports, airports and industrial hubs. Improves traffic flow and travel time reliability for freight vehicles and cars, facilitating the significant residential and industrial growth planned for south-west Sydney.

Employment:

Up to 200 new construction jobs during the project and an estimated 600 indirect jobs.

Status:

Initial agreement signed in December 2009 between the NSW Roads and Traffic Authority (RTA) and Interlink Roads. Environmental Assessment being prepared by the RTA. Environmental approval targeted for early 2011, with financial close to follow.

“The widening of the M5 is an important project to cater for the projected growth in travel and freight demand along the south-west corridor.”

Andrew Head

GROUP GENERAL MANAGER
DEVELOPMENT & STRATEGY

USA — BUILDING FOR THE FUTURE

The second year of construction on the Capital Beltway High Occupancy Toll (HOT) Lanes has progressed well, with more than 45% of the overall design-build complete and the Design Builder, Fluor-Lane, forecasting an 'on-time and on-budget' delivery.

Work has progressed on 10 of the 11 interchanges that are being rebuilt and upgraded, and several major traffic switches have been completed, including four new bridges, which are now open to traffic.

Safety remains the highest priority at all levels for employees, contractors and drivers travelling through the work zone. So far, only one lost work day accident in over 3 million job hours has been recorded.

Significant progress has been made on developing integrated tolling and traffic management systems that will be both high performance and cost effective.

The HOT lanes project is slated for substantial completion and opening in late 2012, with first tolls in 2013.

Project:

Two new electronically tolled HOT Lanes in each direction on a 22-kilometre (14-mile) section of the I-495 ring road around Washington DC, increasing the total number of lanes from 8 to 12.

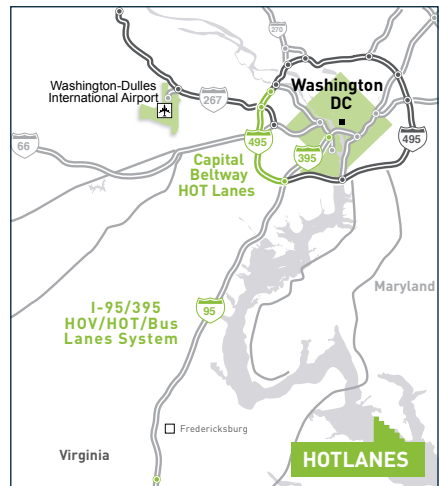
Fifty eight new bridges and overpasses to replace ageing infrastructure.

Cost:

Approximately \$US2 billion. Public private partnership between Fluor Corporation, the Commonwealth of Virginia and Transurban DRIVE (Transurban's US co-investment vehicle).

Projected economic benefits:

11,800 jobs and \$2.7 billion in economic benefit for the Washington metropolitan area over the 2008 to 2013 period (January 2009 study, George Mason University). Commuting time at peak hours is forecast to halve and motorists will be able to travel at twice the speed of traffic in the regular lanes, according to Transurban projections for 2015. Since 2006, peak-period traffic on the Beltway has grown by more than 4%.



Value creation:

A long-term asset forecast to deliver strong security holder value from a project in one of the most congested regions in the US. The area boasts strong economic forecasts and the lowest unemployment rate among the US's top 15 job markets (George Mason University, 2010).

“What Transurban is selling is a faster, safer ride than you might be able to get in the four regular lanes.”

How HOT Lanes will work
Robert Thomson
The Washington Post

26 MAY 2010

I-95/395 HOT LANES PROJECT

Transurban and its partner Fluor-Lane are working with the Virginia Department of Transportation to review and finalise the scope, financial plan and timeline for the I-95/395 HOT Lanes Project. The project schedule remains uncertain as the Commonwealth of Virginia and US Federal Highway Administration seek to resolve Arlington County's legal challenge to the project's federal environmental review process.

HOT LANES NERVE CENTRE UNVEILED

On 26 May, Transurban and its partners broke ground on the Capital Beltway's HOT Lanes Operations Centre, which will be the nerve centre behind the dynamically tolled lanes.

The centre will be equipped with the technology, infrastructure and personnel necessary to operate the HOT Lanes 24/7. Live feeds will monitor the motorway, while the data centre and traffic control room will constantly send and receive information with on-road technology managing traffic and tolling operations. Toll prices will vary based on real-time traffic conditions and be used to manage traffic in the new HOT Lanes.



OPERATIONAL EXCELLENCE IN ACTION



LANE COVE TUNNEL – OPERATIONS OPPORTUNITIES

In line with our commitment to excellence in operations, we forecast a number of opportunities, available uniquely to us, in the acquisition of Lane Cove Tunnel.

Since agreeing to the purchase, we have taken actions in the following areas that will reduce costs from the first day of Transurban ownership:

- Reduced salary and other administration costs
- Renegotiated operations and maintenance contracts
- Review of maintenance capital expenditure requirements

As a result of the measures we expect the asset to achieve a significant improvement in the Lane Cove Tunnel EBITDA margin in the year ended June 2011. As we apply our value creation model, we expect to realise other savings and opportunities for revenue.



Operational excellence: Customer service in action.

We consistently strive to find ways to improve our performance on our roads, in our tolling systems, and in our back office where customer transactions are handled.

We continue to add value to our business by:

ACTIVELY MANAGING OUR CONCESSIONS WITH STATE GOVERNMENTS

Value creation:

Truck tolls were increased at the Hills M2 toll points in 2009 to progressively move truck tolls into line with the M2 Project Deed's allowance for a truck toll three times the price of a car. Previously, the toll paid by trucks had been two and a half times the car toll.

INCREASING ROAD CAPACITY AND AVAILABILITY

Value creation:

The \$1.39 billion M1-CityLink upgrade in Melbourne includes one of the world's most advanced freeway management systems, which will improve traffic flow, road capacity and safety in the corridor. Electronic information signs, variable speed limits and coordinated freeway ramp signals will give drivers real-time information on road conditions, manage traffic flow and minimise delays.

MAXIMISING CUSTOMER SERVICE AND PRODUCT DESIGN

Value creation:

Our Roam tolling business in Sydney has extended a campaign to encourage

our customers to switch to online statements, rather than mail. The campaign now targets all e-TAG customers who receive a quarterly mailed statement. Our target is to get 85% of these customers to switch to online delivery, which has both cost and environmental benefits. We have also renegotiated contracts with several key service providers, which has reduced unit costs and delivered savings of more than a million dollars a year.

IMPROVE REVENUE REALISATION

Value creation:

Transurban and our customers continue to realise benefits from "interoperable" video passes that were developed for the Sydney road network. The passes move customers away from cash to electronic tolling, simplifying their use of the city's road network.

OPTIMISE OPERATOR MODEL

Value creation:

By reviewing our existing operations and/or maintenance contracts on three of our roads – CityLink, Hills M2 and the Eastern Distributor – we have been able to identify opportunities to improve services and better manage our day-to-day activities as well as reducing costs. Some of these initiatives include better management of our electricity costs and improved monitoring and management of our road assets.

OUR FY10 SUSTAINABILITY AND SAFETY HIGHLIGHTS

Sustainability is fundamental to Transurban's business management framework and covers four key areas: marketplace, communities, employees and environment.

We have been listed in the Dow Jones Sustainability Indexes World list of high-performing companies and the Carbon Disclosure Project's Climate Disclosure Leadership Index for Australia and New Zealand each year since 2006.

OUR ACHIEVEMENTS THIS YEAR:

- Reduced Lost Time Injuries by 48% since we introduced a targeted Occupational Health and Safety (OHS) campaign in early 2009, bringing Transurban well below industry benchmarks. Our Lost Time Injury Frequency Rate was 3.64*.
- Pre-audit for Australian Safety Standard AS4801 completed in November 2009 with certification audit planned for September 2010.
- Completed a Climate Change Strategy to manage the potential impacts of climate change on our business.
- Helped to raise more than \$1 million for the Royal Children's Hospital Good Friday Appeal in the fifth Run for the Kids event on CityLink. Co-sponsored with the *Herald Sun*, this year's event attracted 30,000 participants.
- Again listed as a member company of the FTSE4Good Index.

- Launched a major campaign titled "Orange Cones. No Phones" with partners in the US to encourage drivers to avoid using mobile phones, particularly while travelling through the Capital Beltway HOT Lanes construction zone. The campaign reached more than 8.7 million people, and was recognised at the national level with two awards.
- No fatalities recorded on roads wholly managed by Transurban in FY10 – CityLink, Hills M2, Eastern Distributor and Pocahontas 895.



Eye to the future: Cycling and tree planting beside our roads.

* LTIFR = (No. of occurrences/number of hours worked) x 1,000,000

YOUR BOARD



LINDSAY MAXSTED
CHAIRMAN



CHRIS LYNCH
CEO



NEIL CHATFIELD



GEOFFREY COSGRIFF



JEREMY DAVIS



BOB EDGAR



BOB OFFICER



RODNEY SLATER

DAVID RYAN

David Ryan served as Chairman from February 2007 to August 2010.

ENQUIRIES AND INFORMATION

ENQUIRIES ABOUT YOUR TRANSURBAN STAPLED SECURITIES

The Stapled Securities Register is maintained by Computershare Investor Services Pty Ltd.

If you have a question about your Transurban securities or distributions please contact:

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WE INVITE YOUR FEEDBACK

Your feedback helps us continue to improve our reporting standards, and meet your information needs. We welcome any comments or suggestions about our review of the 2010 financial year.

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www.transurban.com