

19 May 2004

TABCORP provides update on terms and conditions of its takeover offer for Tab

Offer consideration

TABCORP Holdings Limited (**TABCORP**) today announced that it would not increase its takeover offer for Tab Limited (**Tab**) unless the following circumstances eventuate:

- another takeover offer for Tab, or a merger proposal involving Tab, is announced and TABCORP considers an increase is necessary and appropriate to achieve control of Tab; or
- TABCORP considers an increase is necessary and appropriate to achieve the requirements for compulsory acquisition. Such an increase (if any) would only take effect once TABCORP has acquired more than 50%, or some higher threshold, of Tab shares.

Any increase in the offer would apply to all Tab shareholders who have accepted TABCORP's offer and not withdrawn their acceptance.

Mr Matthew Slatter, TABCORP's Managing Director and Chief Executive Officer, today said, "Our decision to not increase our offer for Tab except in these limited circumstances sends a very strong message to Tab shareholders that Lonergan's report and the 2005 forecast for Tab have no impact on our view as to the value of Tab."

"Tab shareholders have a simple choice. They can accept TABCORP's offer or they can follow the recommendation of the Tab board and watch the Tab share price fall."

Conditions

TABCORP today also announced that it had cleared several conditions to its takeover offer for Tab, in addition to the financing condition that was fulfilled on Monday 17 May 2004.

Mr Slatter said, "We have removed conditions from our takeover offer and now, in effect, the only substantive condition is that we acquire more than 50% of Tab shares."

TABCORP's decision to remove these conditions follows advice it has received from the NSW government that the government will nominate TABCORP as the approved purchaser of Tab if TABCORP receives acceptances for more than 50% of Tab shares.

TABCORP said that it had waived the conditions relating to racing industry approval, ACCC approval, other regulatory approvals, no regulatory actions and the remaining part of its financing condition.

The decision to waive the racing industry approval condition follows the NSW government giving TABCORP and Tab a 'comfort letter' along the lines of that proposed by the NSW government in the context of UNiTAB's takeover offer. The letter indicates that the government would not intend to take action against Tab or TABCORP should Tab be in breach of a condition of any of the licences granted to it because TABCORP or Tab do not have in place, or do not give effect to, commercial arrangements which NSW Racing Pty Limited (**NSW Racing**) has acknowledged are satisfactory, provided that the agreements being negotiated between NSW Racing and TABCORP in accordance with the Heads of Agreement previously executed by them are concluded within a reasonable time.

TABCORP also said that, at the latest, it would waive the conditions relating to material adverse change, acquisitions and divestments, dividends and prescribed occurrences when TABCORP has received acceptances for more than 50% of Tab shares, provided that those conditions are not breached before the time they are waived.

The table below summarises the current status of the conditions of TABCORP's offer.

Offer conditions	Bidder's statement reference	Status
50% minimum acceptance	◆ 10.7 (a)	◆ Not presently capable of being waived having regard to NSW government requirements concerning nomination
Government nomination	◆ 10.7 (b) (i) & (ii)	◆ NSW government will take the necessary action to enable satisfaction when TABCORP obtains >50% of Tab shares
No material adverse change	◆ 10.7 (f)	◆ Intend to waive upon obtaining >50% of Tab shares (subject to no prior breach)
No material acquisitions or divestments	◆ 10.7 (g)	◆ Intend to waive upon obtaining >50% of Tab shares (subject to no prior breach)
No dividends or distributions	◆ 10.7 (i)	◆ Intend to waive upon obtaining >50% of Tab shares (subject to no prior breach)
No prescribed occurrences	◆ 10.7 (h)	◆ Intend to waive upon obtaining >50% of Tab shares (subject to no prior breach)
Racing industry approval	◆ 10.7 (b) (iii)	◆ Condition waived
ACCC	◆ 10.7 (c) (i) & (ii)	◆ Conditions waived
Regulatory approvals	◆ 10.7 (d)	◆ Condition waived
No regulatory intervention	◆ 10.7 (e)	◆ Condition waived
Funding	◆ 10.7 (j) (i) & (ii)	◆ Conditions satisfied and waived



"Tab shareholders should accept the TABCORP offer now. This will enable the offer to ultimately be declared unconditional so that Tab shareholders who accept the offer will receive cash and shares in TABCORP" Mr Slatter added.

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