

2 July 2004

Dear Tab shareholder

TABCORP OFFER REACHES 50% ACCEPTANCE LEVEL

I am writing to let you know that Tabcorp Holdings Limited (Tabcorp) has now received acceptances amounting to more than 50% of Tab's issued capital and is likely to declare its offer unconditional in the near future.

You will recall that, on 27 May 2004, Tabcorp announced that it would increase the cash component of its takeover offer for Tab by 10 cents, to \$2.10 per Tab share (plus between 0.20 and 0.22 Tabcorp shares), **conditional on acquiring at least 90% of Tab shares.**

As at 1 July 2004 the implied value of Tabcorp's revised offer was \$4.96¹, above Tab's ASX closing price of \$4.94 and within the valuation range of \$4.84 to \$5.09 per Tab share of the independent expert, Lonergan Edwards.

Tab's directors have unanimously recommended that you ACCEPT Tabcorp's revised offer in the absence of a superior proposal, which is now extremely unlikely.

If you have not yet accepted Tabcorp's offer, I strongly recommend that you **ACCEPT** the offer as soon as possible.

Tab shareholders will receive the extra 10 cents per Tab share only if Tabcorp achieves acceptances for 90% of Tab's issued capital. Tab shareholders should therefore ACCEPT the offer AS SOON AS POSSIBLE to increase the prospect of the 90% level being achieved.

The current Tab Directors note that acceptances have reached the minimum acceptance level of 50%. Tab's Directors intend to resign once Tabcorp declares its offer unconditional, following which Tabcorp will appoint nominees of Tabcorp to replace us. When this happens management control of Tab will pass to Tabcorp.

If Tabcorp does not receive acceptances of at least 90% of Tab's issued capital, shareholders who do not accept Tabcorp's offer will become minority shareholders in Tab. This would have the implications as set out in Section 3.1 of Tab's Original Target's Statement dated 3 May 2004.

If you have any questions in relation to the offer, you should call Tab's information line on 1300 137 984, or if you require a new acceptance form, please contact Tabcorp's offer information line on 1800 010 202 (toll-free from within Australia) or +61 2 9240 7442 (from outside Australia).

Your outgoing Directors believe that Tabcorp's takeover represents a very good outcome for Tab shareholders. **I re-iterate that we unanimously recommend that those of you who have not already done so ACCEPT the offer as soon as possible**

Finally, on behalf of the Tab Directors, I would again like to thank you for your support, particularly during the recent period of intense corporate activity. This support has enabled us to achieve the result we have for Tab shareholders.

Yours sincerely



Graham Kelly
Chairman

¹ Assuming Tabcorp acquires at least 90% of Tab shares during the offer period.