



TABCORP Holdings Limited
ACN 063 780 709

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5 August 2004

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To: Australian Stock Exchange Limited
Companies Announcements Platform
20 Bridge Street
Sydney NSW 2000

TAB LIMITED
OFF-MARKET BID BY TABCORP INVESTMENTS NO.4 PTY LTD
CLOSING DATE FOR BID AND DETAILS CONCERNING BID CONSIDERATION

Closing Date for the Bid – No Further Extensions

TABCORP Investments No.4 Pty Ltd (ABN 74 108 197 084) (*Bidder*) (a wholly owned subsidiary of TABCORP Holdings Limited (*TABCORP*)) announced today that its off-market bid (the *Bid*) for all of the ordinary shares (*Tab Shares*) in Tab Limited (*Tab*) will close at the currently scheduled closing time of 7.00 pm (Sydney time) on 13 August 2004. There will be no further extensions of the offer period for the Bid.

Variation of the Bid Consideration

Bidder has today completed the despatch of the notice of variation dated 30 July 2004, relating to an increase in the Bid consideration, to all persons to whom an offer was made under the Bid. A copy of that notice of variation has been previously released to the Australian Stock Exchange.

First Mail Out of Bid Consideration

Bidder has also today commenced the mail out of Bid consideration to the first tranche of former Tab shareholders who accepted offers made under the Bid. Remaining Tab shareholders who have accepted, or subsequently accept prior to the 13 August 2004 closing date, an offer made under the Bid will be provided with their consideration in accordance with the terms and conditions of the Bid.

Attached, on behalf of Bidder, are copies of two letters which have been, or will be, sent to former Tab shareholders with their consideration. The first letter will be sent with the consideration to all former Tab shareholders who will retain ordinary shares (*TABCORP Shares*) in TABCORP as a result of their acceptance. The second letter explains the capital gains tax consequences of the sale of Tab Shares to Bidder, and of any subsequent sale of TABCORP Shares received under the Bid, and will be sent to all former Tab shareholders.

Peter Caillard
Company Secretary
TABCORP Holdings Limited



TABCORP

TABCORP Holdings Limited

ABN 66 063 780 709

All Registry communication to:

C/- ASX Perpetual Registrars Limited

Level 4, 333 Collins Street

Melbourne Vic 3000

GPO Box 1736

Melbourne Vic 3001

Telephone: 1300 665 661

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5 August 2004

Dear Shareholder,

TABCORP has now received acceptances for more than 90% of Tab Limited shares under its takeover offer for Tab. Accordingly, TABCORP has increased the cash component of its offer consideration by 10 cents per Tab share, so that its offer is now \$2.10 cash, plus 0.20 TABCORP shares, for each Tab share. TABCORP has enclosed a notice of variation in respect of this increase.

Enclosed is your transaction confirmation / holding statement and cheque, which represents the full and final consideration payable to you in cash and new TABCORP shares in respect of the shares in Tab that you sold pursuant to the offer by TABCORP.

Also enclosed is a letter explaining the capital gains tax consequences regarding this transaction. A copy of this letter has been posted on the TABCORP website at www.tabcorp.com.au for future reference.

For legal reasons, including privacy laws, TABCORP is unable to use all of your instructions which you previously gave to Tab regarding your former Tab shareholding. We will forward to you in due course forms and other information to enable you to provide TABCORP with instructions regarding your shareholding, including details relating to:

- Your Tax File Number, Australian Business Number or Exemption;
- Your bank account details to receive dividend payments by direct credit;
- Your participation in TABCORP's Dividend Reinvestment Plan; and
- The TABCORP Shareholder Benefits Scheme.

Yours sincerely,

Peter Caillard
Company Secretary

5 August 2004

Dear Shareholder

Australian Capital Gains Tax

Takeover of Tab Limited

This letter contains information that may assist you or your adviser to understand the Australian capital gains tax (**CGT**) consequences in respect of:

- the disposal of your ordinary shares (**Tab Shares**) in Tab Limited (**Tab**) to TABCORP Investments No.4 Pty Ltd (**Bidder**, a wholly owned subsidiary of TABCORP Holdings Limited (**TABCORP**)) as a result of your acceptance of an offer (the **Offer**) made under Bidder's off-market bid (the **Bid**) for all of the Tab Shares; and
- the future disposal of any ordinary shares in TABCORP (**TABCORP Shares**) that you received as a result of your acceptance of the Offer.

This letter is only intended as a general description of Australian CGT consequences of the relevant disposals. The circumstances for each shareholder will vary and you should therefore still consult your own taxation adviser.

This letter may not cover the implications for you if you held your Tab Shares on revenue account or as trading stock, if you acquired your Tab Shares under an employee share or option plan, or if you are not a resident of Australia for tax purposes. In these circumstances, you should seek advice in relation to the taxation implications of the disposal of your Tab Shares and the subsequent ownership and disposal of TABCORP Shares.

1. Disposal of Tab Shares

You may have made a capital gain or capital loss on the disposal of your Tab Shares to Bidder.

A capital gain or capital loss will arise to the extent that the capital proceeds from the disposal of your Tab Shares is more or less than your cost base in your Tab Shares. Capital gains and losses must be taken into account in determining your assessable income. Australian resident shareholders who would make a capital gain on disposal of their Tab Shares may elect rollover relief in certain circumstances (refer below).

The cost base of your Tab Shares is generally your cost of acquisition. Certain other amounts associated with acquisition and disposal (such as brokerage or stamp duty) may be included in your cost base.

The capital proceeds from the disposal of your Tab Shares will be the sum of the amount of money and the value of the TABCORP Shares you received as consideration for your acceptance of the Offer.

For these purposes, the value of your TABCORP Shares will be their market value on the date when the contract was entered into for their disposal. The Offer became unconditional on 5 July 2004. If you accepted the Offer on or before 5 July 2004 you will be deemed to have disposed of your Tab Shares on 5 July 2004. If you accepted the Offer at a later date, you will

be deemed to have disposed of your Tab Shares on the day that your acceptance of the Offer was received. The relevant disposal date is set out in the transaction confirmation statement to which the cheque for the cash component of your Offer consideration was attached.

A Class Ruling application will be lodged with the ATO seeking confirmation of rollover relief availability and that, in determining the market value of a TABCORP share, you may use the closing value of the share on the stock exchange on the date of disposal of your TAB shares. Daily closing values of TABCORP shares from 5 July 2004 will be posted on the TABCORP website www.tabcorp.com.au. The Class Ruling, when issued, will be available to view on the ATO website www.ato.gov.au. TABCORP will notify you if the Class Ruling does not issue in accordance with the application lodged.

Indexation and the CGT discount

If you are an individual, complying superannuation entity or trust and you held your Tab Shares for more than 12 months, you may be able to claim a CGT discount in respect of any capital gain arising on disposal of your Tab Shares.

If your Tab Shares were acquired at or before 11.45 am on 21 September 1999, the capital gain or loss is generally calculated as the difference between the capital proceeds and the cost base for the Tab Shares, with the cost base being indexed for inflation up to 30 September 1999. If you are an individual, complying superannuation entity or trust who acquired your Tab Shares before this date, you may choose between calculating any capital gain using a cost base indexed for inflation up to 30 September 1999, or claiming the CGT discount in respect of your gain calculated using an unindexed cost base.

If your Tab Shares were acquired after 11.45 am on 21 September 1999 and you are an individual, complying superannuation entity or trust shareholder, you may apply the CGT discount in calculating the amount of the capital gain (after deducting available capital losses) to be included in the calculation of your assessable income.

The CGT discount rules permit individuals and trusts to reduce a capital gain on the disposal of Tab Shares by half and complying superannuation entities to reduce a capital gain by one third.

Rollover relief

If you would make a capital gain from your disposal of Tab Shares pursuant to the Offer, you may elect to apply rollover relief under which the proportion of the capital gain attributable to the TABCORP Share component of the Offer consideration will be disregarded and effectively deferred until you dispose of any TABCORP Shares which you acquire under the Offer.

However, the capital gain in respect of the cash component of the consideration for your Tab Shares under the Offer does not qualify for rollover relief.

In order to calculate your capital gain your cost base in your Tab Shares must be reasonably apportioned between the cash consideration and the TABCORP Shares you receive.

The capital gain that may arise in respect of the cash component of the consideration for your Tab Shares if you elect for the rollover is calculated as follows:

$$\begin{array}{r}
 \text{Cash consideration} \\
 \text{received under} \\
 \text{the Offer}
 \end{array}
 \text{ Less }
 \left\{
 \begin{array}{l}
 \text{Cash consideration} \\
 \text{received under} \\
 \text{the Offer}
 \end{array}
 \right.
 \frac{\text{Cash consideration received under the Offer}}{\text{Cash consideration received under the Offer} + \text{Market value of all TABCORP Shares received under the Offer}}
 \times
 \left.
 \begin{array}{l}
 \text{Cost base of all} \\
 \text{Tab Shares} \\
 \text{transferred}
 \end{array}
 \right\}$$

Example 1

A holding of 257 Tab Shares acquired in June 1998 for \$2.05 each in response to Tab's initial public offer, then disposed of on 5 July 2004 when the closing price of TABCORP Shares was \$14.28, produces a capital gain of \$315.45, ignoring cost base indexation and the CGT discount, calculated as follows:

- Cash consideration received under the Offer = $257 \times \$2.10 = \539.70
- Cost base of all Tab Shares transferred = $257 \times \$2.05 = \526.85
- Market value of all TABCORP Shares received under the Offer
 $= (257 \times 0.20) \times \$14.28 = 51 \times \$14.28 = \728.28
 (In respect of the rounding effects on the number of TABCORP Shares received in respect of the Offer, any fractional entitlement of less than 0.5 will be rounded down to zero, and 0.5 or more will be rounded up to one TABCORP Share)

$$\bullet \text{ Capital gain} = \$539.70 \text{ Less } \left\{ \frac{\$539.70}{\$539.70 + \$728.28} \times \$526.85 \right\} = \$315.45$$

2. Disposal of TABCORP Shares

Subject to the following differences, the disposal of your TABCORP Shares will be subject to the same CGT consequences described above in respect of the disposal of your Tab Shares.

As your TABCORP Shares will have been acquired after 21 September 1999, there is no indexation adjustment made to their cost base.

If you are an individual, complying superannuation entity or trust you may be eligible for the CGT discount if you hold your TABCORP Shares for more than 12 months before disposing of them. If you elected to apply rollover relief and you hold your TABCORP Shares as an individual, complying superannuation fund or trust, in determining if shares have been held for 12 months, you are deemed to have acquired the TABCORP Shares at the same time you acquired the Tab Shares.

If you elect to apply rollover relief to the sale of your Tab Shares, the cost base for your TABCORP Shares will be that part of the cost base of the Tab Shares that was attributed to the TABCORP Shares. This is calculated as follows:

$$\text{Cost base for all Tab Shares previously held} \text{ Less } \left\{ \frac{\text{Cash consideration received under the Offer}}{\text{Cash consideration received under the Offer} + \text{Market value of all TABCORP Shares received under the Offer}} \times \text{Cost base of all Tab Shares transferred} \right\}$$

Example 2

Using the information from example 1 above, the cost base of your TABCORP Shares will be \$302.60, calculated as follows:

$$\$526.85 \text{ Less } \left\{ \frac{\$539.70}{\$539.70 + \$728.28} \times \$526.85 \right\} = \$302.60$$

If you do not elect to apply rollover relief to the sale of your Tab Shares, the cost base for your TABCORP Shares will be the value of the Tab Shares on the day you enter into a contract for acquisition of the TABCORP Shares.

3. Disposal of TABCORP Shares under the Share Sale Facility

Subject to the following, if you dispose of TABCORP Shares under the Share Sale Facility, that disposal will be subject to the same Australian CGT consequences as described above in relation to the disposal of Tab Shares.

As the TABCORP Shares will have been acquired after 21 September 1999, there will be no indexation adjustment made to their cost base.

As the TABCORP Shares will have been acquired on the date on which the contract for the disposal of the Tab Shares was entered into, unless you elect to apply rollover relief in relation to the exchange of Tab Shares for TABCORP Shares (discussed below), the TABCORP Shares will not have been held for 12 months before the sale of the TABCORP Shares under the Share Sale Facility. In these circumstances, the 'CGT Discount' will not be available to you if you participate in the Share Sale Facility, as the minimum holding requirement will not have been satisfied.

Where you elect to apply rollover relief in relation to the exchange of Tab Shares for TABCORP Shares, for the purposes of determining your eligibility for the CGT Discount the time of acquisition of the TABCORP Shares will be treated as being the time at which you acquired your original Tab Shares that were exchanged. Therefore, where you elect to apply the rollover relief and you had held your Tab Shares for 12 months or more before the sale of your TABCORP Shares under the Share Sale Facility, provided you are an individual, complying superannuation entity or trust, you will be entitled to discount capital gains treatment.

Should you have any queries in respect of the above, further information can be found in section 7 of the bidder's statement for the Bid dated 2 April 2004 (as supplemented), or else you should contact your taxation adviser.

You can also obtain the 'Guide to Capital Gains Tax' by contacting the Australian Taxation Office by phone on 1300 720 092.

Yours faithfully



Peter Caillard
Company Secretary