



**TABCORP**

November 1999

**TABCORP Holdings Limited**  
ACN 063 780 709  
5 Bowen Crescent  
Melbourne Australia 3004  
GPO Box 1943R  
Melbourne Australia 3001  
Telephone 61 3 9868 2100  
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Dear Shareholder,

### **Capital Gains Tax Implications of the Merger with Star City Holdings Limited**

The purpose of this letter is to answer some of the questions you may have on the capital gains tax (CGT) implications of accepting TABCORP Investments Pty Ltd's cash and scrip offer for your Star City preferred ordinary shares (Star City shares). You may also wish to refer to the section headed "Taxation Considerations" in the original Offer Document.

TABCORP Investments Pty Ltd intends that you only use this letter as a guide for calculating your liability for tax under the CGT rules in respect of the disposal of your Star City shares. The contents of this letter have not been subject to review by the Australian Taxation Office. This letter is not to be relied upon as advice and TABCORP Investments Pty Ltd recommends that you seek your own professional financial or taxation advice in respect of the taxation consequences of disposing of your Star City shares and acquiring shares in TABCORP Holdings Limited.

### **Disposal of your Star City shares**

#### **(i) Date of Disposal of Star City Shares**

Based on taxation advice received by TABCORP Investments Pty Ltd, you will be treated as having disposed of your Star City shares for CGT purposes when you accepted the offer. For practical purposes, the date of acceptance is likely to be:

- (a) if you didn't hold your shares in a CHESS holding, when you posted the acceptance form or delivered it (whichever is appropriate); and
- (b) if you held your shares in a CHESS holding, the later of when you posted or delivered your acceptance form and when you instructed your broker to initiate acceptance in accordance with Securities Clearing House (SCH) Business Rules.

If you are unsure of the date on which you accepted the offer, then you should call TABCORP's share registry, Perpetual Registrars Limited, on 1800 420 044 (within Australia).

Perpetual Registrars Limited will be able to tell you the date on which your acceptance form was processed. This will give you an indication of when you were likely to have accepted the offer. Perpetual Registrars Limited cannot give you taxation advice.

#### **(ii) Amount of Capital Proceeds Received on Disposal of Star City Shares**

The amount of the capital proceeds to be taken into account when calculating whether or not you have a CGT liability on the disposal of your shares should be the sum of:

- (a) the cash amount you received from TABCORP Investments Pty Ltd;  
and
- (b) the value of the TABCORP Holdings Limited shares you were issued in connection with the disposal of your Star City shares. We understand that the value of the TABCORP Holdings Limited shares you received in respect of disposal of your Star City shares should be determined using the weighted average selling price of TABCORP Holdings Limited shares on the date on which you accepted the offer. For your reference, please find enclosed a schedule of weighted average selling prices in respect of shares in TABCORP Holdings Limited.

#### **Acquisition of TABCORP Holdings Limited Shares**

(i) **Date of Acquiring TABCORP Shares**

For CGT purposes, it is our understanding that you will be taken to have acquired each TABCORP Holdings Limited share on the date it is issued to you by TABCORP Holdings Limited. This date appeared on your initial holding statement.

(ii) **Cost Base of TABCORP Shares**

The cost base of each TABCORP Holdings Limited share you received as a result of accepting the offer (as per allotment notification sent to you on 28 October 1999) should include the market value of the 8 Star City Preferred Ordinary shares you transferred to TABCORP Investments Pty Ltd, determined using the weighted average selling price of the Star City Preferred Ordinary shares on the day the TABCORP Holdings Limited shares were issued to you (i.e. 28 October 1999 - \$1.454 x 8), less that cash amount received by you in respect of the 8 Star City Preferred Ordinary shares (\$1.97).

On this basis the cost base of each TABCORP Holdings Limited shares should be \$9.66.

Yours faithfully,

**Peter Caillard**  
**General Counsel & Company Secretary**

Enc.

## TABCORP HOLDINGS LIMITED

### TABCORP DAILY WEIGHTED AVERAGE SELLING PRICE

Date	Weighted Average Selling Price (S)	Date	Weighted Average Selling Price (S)
21 June	11.05	26 August	11.36
22 June	11.18	27 August	11.28
23 June	10.99	30 August	11.00
24 June	10.66	31 August	10.69
25 June	10.23	1 September	10.90
28 June	10.26	2 September	11.11
29 June	10.19	3 September	11.00
30 June	10.08	6 September	10.92
1 July	10.48	7 September	10.88
2 July	10.38	8 September	11.01
5 July	10.70	9 September	11.00
6 July	11.07	10 September	11.01
7 July	10.97	13 September	11.04
8 July	10.97	14 September	11.03
9 July	10.81	15 September	11.05
12 July	10.96	16 September	10.93
13 July	10.83	17 September	10.97
14 July	10.76	20 September	10.75
15 July	11.01	21 September	10.49
16 July	10.99	22 September	10.46
19 July	10.89	23 September	10.52
20 July	10.82	24 September	10.41
21 July	10.66	27 September	10.45
22 July	10.62	28 September	10.57
23 July	10.73	29 September	10.38
26 July	10.66	30 September	10.47
27 July	10.45	1 October	10.55
28 July	10.44	4 October	10.28
29 July	10.59	5 October	10.35
30 July	10.62	6 October	10.27
2 August	10.37	7 October	10.27
3 August	10.24	8 October	10.29
4 August	10.22	11 October	10.40
5 August	10.24	12 October	10.34
6 August	10.18	13 October	10.26
9 August	10.17	14 October	10.23
10 August	10.03	15 October	10.14
11 August	10.00	18 October	9.84
12 August	10.07	19 October	9.72
13 August	9.97	20 October	9.83
16 August	10.32	21 October	9.99
17 August	10.38	22 October	10.04
18 August	10.62	25 October	10.12
19 August	10.80	26 October	10.01
20 August	11.03	27 October	9.90
23 August	11.16	28 October	9.59
24 August	11.49	29 October	10.10
25 August	11.73		