



Nine Good Reasons Why You Should Accept TABCORP's Offer

TABCORP's Offer implies a value of \$4.50 for each Tab Share*

1. You will receive a significant premium over the price at which Tab Shares traded before Tab became the subject of takeover/merger proposals

2. TABCORP's Offer provides you with greater certainty of value than UNiTAB's offer

3. TABCORP's Offer provides greater deliverability than UNiTAB's offer

4. TABCORP's Offer represents a very attractive multiple of Tab's earnings

5. Tab's directors previously recommended an offer which was stated to have an implied value of \$4.50

6. Earnings and dividends attributable to your investment are expected to be enhanced significantly if you accept TABCORP's Offer

7. Tab Shareholders who accept TABCORP's Offer will have the opportunity to become a shareholder in TABCORP, Australia's premier diversified gambling and entertainment group

8. There is potential for capital gains tax rollover relief on the share component of the Offer

9. You will not incur any brokerage costs. In addition, if you are an Eligible Tab Shareholder you can sell the TABCORP Shares to which you are entitled (up to a maximum of 200 TABCORP Shares) under a Share Sale Facility without incurring brokerage costs

See the detailed description of these items on the following pages.

* Assuming a TABCORP Share price of between \$11.36 and \$12.50 and subject to the effects of rounding (see section 10.1(c)). As at 1 April 2004 (being the last Trading Day before the date of this Bidder's Statement), the closing price of TABCORP Shares on ASX was \$12.29.

Nine Good Reasons Why You Should Accept TABCORP's Offer

1 You will receive a significant premium over the price at which Tab Shares traded before Tab became the subject of takeover/merger proposals

You are being offered consideration of **\$2.00 cash** plus **between 0.20 and 0.22 TABCORP Shares** for each of your Tab Shares. The cash consideration that you are being offered is not affected by the payment of Tab's fully franked 2004 interim dividend of 9 cents per Tab Share, which was paid on 23 February 2004.

The implied value of TABCORP's Offer is \$4.50 per Tab Share, assuming a TABCORP Share price between \$11.36 and \$12.50 and subject to the effects of rounding. As at 1 April 2004 (being the last Trading Day before the date of this Bidder's Statement), the closing price of TABCORP Shares on ASX was \$12.29.

The actual number of TABCORP Shares which will be issued to you if you accept the Offer (and it becomes unconditional) will depend on TABCORP's volume weighted average share price (the TABCORP VWAP) over a pricing period of 10 Trading Days immediately after the date on which the Offer becomes, or is declared, free of the conditions set out in section 10.7. The number of TABCORP Shares per Tab Share will be calculated as \$2.50 divided by the TABCORP VWAP, subject to a minimum of 0.20 TABCORP Shares (if the TABCORP VWAP is \$12.50 or more), and a maximum of 0.22 TABCORP Shares (if the TABCORP VWAP is \$11.36 or less), per Tab Share (subject to the effects of rounding).

The implied value of the Offer under a range of TABCORP VWAPs is shown in Figure 1.

Figure 1: Implied value of the Offer per Tab Share¹

TABCORP VWAP		TABCORP Shares		Cash		Implied value of the Offer ²
\$11.00	x	0.220	+	\$2.00	=	\$4.42
\$11.36	x	0.220	+	\$2.00	=	\$4.50
\$11.85	x	0.211	+	\$2.00	=	\$4.50
\$12.50	x	0.200	+	\$2.00	=	\$4.50
\$13.00	x	0.200	+	\$2.00	=	\$4.60

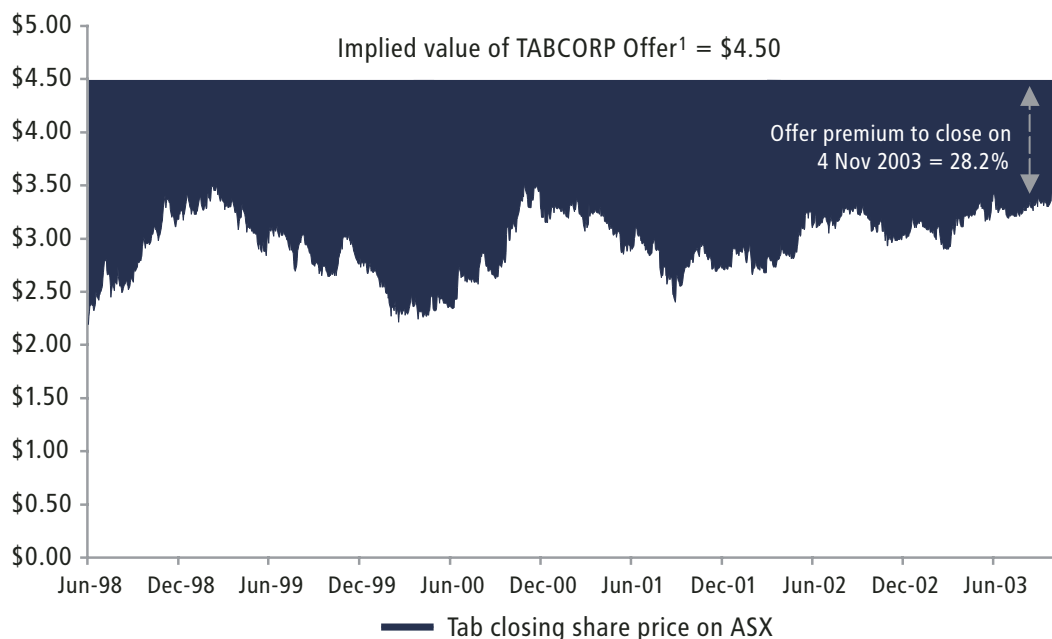
Notes

- ¹ If under the Offer you are entitled to a fraction of a TABCORP Share in respect of your parcel of Tab Shares, your entitlement to TABCORP Shares will be rounded in accordance with section 10.1(c).
- ² Rounded to two decimal places.

As an example, if you own 257 Tab Shares and you accept the Offer, you will receive 54 TABCORP Shares and \$514.00 cash (assuming a TABCORP VWAP of \$11.85 and that the Offer becomes, or is declared, unconditional).

An implied value of \$4.50 represents a significant premium to the Tab Share price since Tab was listed on ASX in 1998 until the announcement of TABCORP's initial merger proposal for Tab on 5 November 2003 (as shown in Figure 2).

Figure 2: Tab's historical share price between listing and the announcement of TABCORP's initial merger proposal



The implied value of the Offer of \$4.50 per Tab Share also represents a premium to UNiTAB's offer announced on 19 December 2003 of 0.47 UNiTAB shares and \$1.36 cash (taking into account the amount of Tab's fully franked interim dividend of 9 cents per Tab Share which was paid on 23 February 2004) for each Tab Share.

Note

1 Assuming a TABCORP Share price of between \$11.36 and \$12.50 and subject to the effects of rounding (see section 10.1(c)). As at 1 April 2004 (being the last Trading Day before the date of this Bidder's Statement), the closing price of TABCORP Shares on ASX was \$12.29.



Nine Good Reasons Why You Should Accept TABCORP's Offer (cont'd)

2

TABCORP's Offer provides greater certainty of value to Tab Shareholders

TABCORP's Offer also provides greater certainty of value to Tab Shareholders than UNiTAB's offer for the following reasons.

- The cash component of TABCORP's Offer is \$2.00 per Tab Share, which is 64 cents per Tab Share more than the cash component of UNiTAB's offer of \$1.36 per share (adjusted for the payment of Tab's 2004 interim dividend of 9 cents per Tab Share on 23 February 2004).
- TABCORP's Offer structure provides greater downside protection. The implied value of TABCORP's Offer remains at \$4.50 per Tab Share while the TABCORP Share price is between \$11.36 and \$12.50 (subject to the effects of rounding (see section 10.1(c))). Based on TABCORP's closing price of \$12.29 on 1 April 2004 (being the last Trading Day before the date of this Bidder's Statement), the implied value of TABCORP's Offer will remain at \$4.50 per Tab Share even if the TABCORP Share price falls by as much as 93 cents. However, the implied value of UNiTAB's offer is more uncertain as it will vary if the UNiTAB share price changes.
- If all of the Tab Shares (including Tab Shares issued as a result of the exercise of all of the Tab Options) are acquired under TABCORP's Offer, TABCORP will be required to issue up to a maximum of 99,611,020 TABCORP Shares to Tab Shareholders. This represents approximately 24% of TABCORP's existing capital base. However, if all of the Tab Shares (including Tab Shares issued as a result of the exercise of all of the Tab Options) are acquired under UNiTAB's offer, UNiTAB will be required to issue approximately 212,805,360 UNiTAB shares to Tab Shareholders. This represents approximately 160% of UNiTAB's existing capital base and therefore implies less certainty in relation to the value of UNiTAB shares if UNiTAB is successful in the acquisition of 100% of Tab Shares.
- In UNiTAB's bidder's statement the combined UNiTAB/Tab pro-forma market capitalisation is based on a UNiTAB share price of \$6.50 following any acquisition of Tab. The use of a pre-transaction UNiTAB share price to imply a post-transaction market capitalisation of a combined UNiTAB/Tab may be inappropriate. For example, this approach may fail to take into account the future earnings of a combined UNiTAB/Tab or an estimate of the multiple of earnings on which a combined UNiTAB/Tab will trade post-transaction. In this regard there are several key issues to consider.
 - TABCORP has disclosed the pro-forma impact of the acquisition of Tab on the statement of financial performance for the year ending 30 June 2004 of the TABCORP Group (see section 5.5). In contrast, UNiTAB has only disclosed the pro-forma impact of the acquisition of Tab on the basis of historical accounts (for the year ended 30 June 2003) and has not provided forecast information despite

the fact that a UNiTAB acquisition of Tab represents an acquisition of greater relative scale when compared to an acquisition of Tab by TABCORP.

- UNiTAB shares have historically traded at a higher multiple of earnings than Tab Shares. Given Tab's earnings contribution (before interest, tax, depreciation and amortisation) to a combined UNiTAB/Tab would be in excess of 70%,¹ it is possible that the earnings multiple for the combined UNiTAB/Tab will be lower than UNiTAB's current trading multiple (being the multiple which supports a UNiTAB share price of \$6.50 per share). A lower multiple for the combined UNiTAB/Tab might imply a trading price for shares in a combined UNiTAB/Tab that is less than \$6.50.

For example, a UNiTAB share price of \$6.50 implies a 10.8 times multiple of UNiTAB's reported EBITDA for the year ending 30 June 2003 compared to a multiple of 8.9 times reported EBITDA for Tab (based on a share price of \$3.36²). The blended multiple for the combined UNiTAB/Tab group based on the relative earnings contribution of UNiTAB and Tab is therefore equal to 9.4 times reported EBITDA for the year ended 30 June 2003. On the basis of this blended multiple, the capital structure as provided in UNiTAB's bidder's statement³ and after accounting for UNiTAB's expected full pro-forma synergies of \$34.6 million⁴ (which UNiTAB states will not be realised until the third full year after merger implementation) and transaction and implementation costs of \$54.9 million, the combined UNiTAB/Tab share price is equal to \$5.89 per share.

- Under the terms of the initial UNiTAB/Tab merger proposal announced on 16 October 2003, UNiTAB shareholders would have been offered \$7.00 cash for half of their shareholding (inclusive of a full control premium). This value of \$7.00 per UNiTAB share was unanimously recommended by the Board of UNiTAB and suggests that the UNiTAB board believed that the underlying trading value of UNiTAB was less than \$7.00 per share at that time. Assuming a control premium of 15%-25% was being paid to UNiTAB shareholders, this implies an underlying trading price of approximately \$5.60 to \$6.09 for each UNiTAB share at that time.

3 TABCORP's Offer provides greater deliverability than UNiTAB's offer

Tab's target's statement dated 5 March 2004 in relation to UNiTAB's offer notes that one of the conditions of UNiTAB's offer is a condition that certain approvals be obtained to allow UNiTAB to be able to efficiently merge its wagering pools with Tab's New South Wales wagering pool. Tab indicated that it understands those approvals are unlikely to be forthcoming until UNiTAB is able to resolve a number of matters to the New South Wales government's satisfaction, and that it could take considerable time for the relevant condition to be satisfied.

TABCORP's Offer is not subject to any equivalent condition in relation to pooling.

Notes

- 1 Based on the pro-forma UNiTAB/Tab analysis in UNiTAB's bidder's statement (100% acquisition scenario) before accounting for synergy benefits likely to arise as a result of the UNiTAB/Tab merger.
- 2 A Tab Share price of \$3.36 represents the closing price of Tab Shares on 15 October 2003, being the day prior to the announcement of the initial UNiTAB/Tab merger proposal.
- 3 Assuming a 100% acquisition of Tab and taking into account net debt balances as at 31 December 2003 for Tab and UNiTAB and the acquisition debt as described in UNiTAB's bidder's statement (including transaction and implementation costs), the net debt of the combined Tab/UNiTAB will be equal to \$952 million and UNiTAB will be required to issue approximately 212.8 million shares to Tab Shareholders.
- 4 According to UNiTAB's bidder's statement and after NSW Racing entitlements.



Nine Good Reasons Why You Should Accept TABCORP's Offer (cont'd)

In addition, TABCORP has entered into the Racing Heads of Agreement with NSW Racing which provides the basis for TABCORP to ultimately satisfy proposed legislative requirements in New South Wales relevant to the acquisition of Tab. Those proposed legislative requirements provide that a company which acquires control of Tab must, amongst other things, have in place arrangements with NSW Racing which NSW Racing considers are necessary to ensure that it is in no less favourable a position after the change of control than under current arrangements with Tab (see sections 8.6(n), 9.6 and 9.7). In TABCORP's view, the most likely scenario is that the NSW Racing Minister will not nominate a company as the 'Nominated Company' under the relevant New South Wales legislation (see section 9.6) until after it has entered into such arrangements with NSW Racing. However, the New South Wales government has indicated that it is possible that, if it was reassured that there was a strong prospect that an agreement would be reached within a reasonable timeframe after nomination, the NSW Racing Minister might nominate a company without such arrangements being in place.

Under the Racing Heads of Agreement NSW Racing has agreed to negotiate, as soon as possible and on an exclusive basis, a formal agreement with TABCORP, the material commercial terms of which are agreed in-principle in the Racing Heads of Agreement. Moreover, the New South Wales government has indicated that it is satisfied that the Racing Heads of Agreement is capable of satisfying the legislative requirement described in the previous paragraph.

In contrast, UNiTAB has no agreement with NSW Racing. Furthermore, NSW Racing has indicated that UNiTAB's 'last and final' proposal to it was not capable of satisfying NSW Racing's reasonable concerns and that it would not have placed NSW Racing in a no less favourable position than it currently holds.

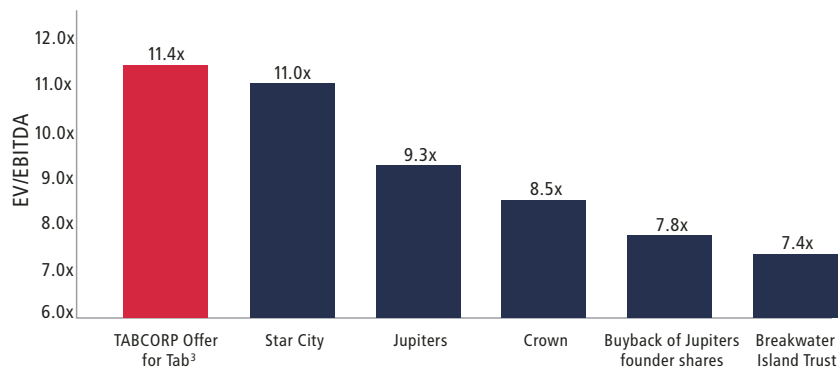
On this basis, TABCORP and Bidder believe that Bidder will be nominated as the Nominated Company if it receives acceptances for more than 50% (and up to 100%) of the Tab Shares. It is a condition of the Offer that this occurs. However, the New South Wales government has commissioned an independent review of UNiTAB's 'last and final' proposal to NSW Racing. It is possible that the outcome of that review may impact on the circumstances that must exist in order for a company to become the Nominated Company. If that is the case TABCORP may need to consider its position under the Racing Heads of Agreement in accordance with the rights discussed in section 9.7(c).

4 **TABCORP's Offer represents a very attractive multiple of Tab's earnings**

At an implied value of \$4.50 per Tab Share, TABCORP's Offer represents a multiple of 11.4 times Tab's reported EBITDA,¹ and 23.3 times Tab's reported net profit after tax (before goodwill amortisation),² for the year ended 30 June 2003.

These multiples compare favourably with transaction multiples as determined using the mid-point ranges of independent experts' reports in relation to precedent gaming acquisitions in Australia, as illustrated in Figure 3.

Figure 3: Enterprise value to EBITDA multiples - mid-point of range provided by independent expert other than for TABCORP's Offer



5 **Tab's directors previously recommended an offer which was stated to have an implied value of \$4.50**

On 19 December 2003, UNiTAB announced a takeover proposal for Tab of 0.47 UNiTAB shares and \$1.45 cash per Tab Share. At that time, UNiTAB stated that its offer had an implied value of \$4.50 per Tab Share based on UNiTAB's share price since UNiTAB's profit upgrade announcement on 10 December 2003. Since Tab declared and paid an interim dividend of 9 cents per share, UNiTAB's offer is now 0.47 UNiTAB shares and \$1.36 cash per Tab Share.

Whilst Tab's Chairman, Mr Graham Kelly, stated that Tab's directors were unanimously supportive of UNiTAB's proposal and intended to recommend it in the absence of a superior proposal, Tab's directors have since recommended that you take no action at this time in relation to UNiTAB's offer, following the announcement of TABCORP's Offer.

6 **Earnings and dividends attributable to your investment are expected to be enhanced significantly if you accept TABCORP's Offer**

Should you choose to reinvest the gross cash component of the proceeds you receive as a Tab Shareholder under the Offer into TABCORP Shares (assuming that no tax is payable on the sale of your Tab Shares and that no brokerage costs apply) and retain your TABCORP Shares, you are expected to benefit from a substantial uplift in earnings and dividends.

Notes

- 1 Assuming Tab has 451.1 million shares on issue, net debt as at 31 December 2003 of \$317 million, options in the money to the value of \$2.9 million and EBITDA for the year ended 30 June 2003 of \$206 million.
- 2 Tab's EPS (pre goodwill amortisation) for the year ended 30 June 2003 was \$0.19.
- 3 Assuming a TABCORP Share price of between \$11.36 and \$12.50 and subject to the effects of rounding (see section 10.1(c)). As at 1 April 2004 (being the last Trading Day before the date of this Bidder's Statement), the closing price of TABCORP Shares on ASX was \$12.29.

Nine Good Reasons Why You Should Accept TABCORP's Offer (cont'd)

Figure 4 sets out illustrative earnings uplifts for a Tab Shareholder based on a pro-forma compilation of stand-alone forecast information for the TABCORP Group and estimated financial information for the Tab Group for the year ending 30 June 2004 under certain assumptions.

Figure 5 provides an illustrative pro-forma dividend uplift for a Tab Shareholder for the year ending 30 June 2004 assuming (amongst other things) that they received the benefit of dividends paid or to be paid by TABCORP in respect of the six months ended 30 June 2003 and the six months ended 31 December 2003 (being the dividends paid or to be paid in the year ending 30 June 2004).¹

Figure 4: Pro-forma earnings per share (EPS) (pre amortisation and non-recurring items) ^{2,3,4,5}

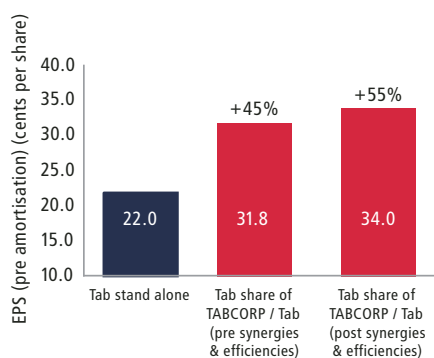
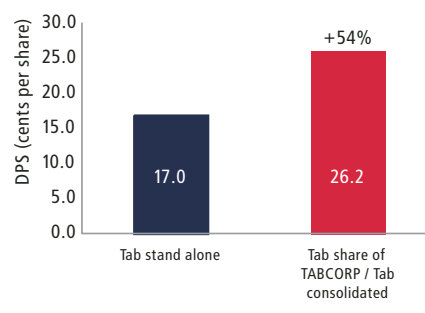


Figure 5: Pro-forma dividends per share (DPS) ^{2,4,6}



The illustrative uplift in earnings per share (pre amortisation and non-recurring items) for the year ending 30 June 2004 for Tab Shareholders under the TABCORP Offer is approximately 55% (in a post synergies and efficiencies case, as set out in Figure 4). This compares to 25% earnings per share (pre goodwill amortisation) uplift on a pro-forma basis for the year ended 30 June 2003 as set out in UNiTAB's bidder's statement.⁷

Notes

- TABCORP's history of paying increasing fully franked dividends is currently expected to continue post-merger, subject to the availability of sufficient profits and franking credits.
- Assumes gross cash proceeds received by Tab Shareholders under the Offer are reinvested into TABCORP Shares (assuming that no tax is payable on the sale of Tab Shares and that no brokerage costs apply) at \$11.85 per TABCORP Share (which was the closing price of TABCORP Shares on ASX on 20 February 2004 (the last Trading Day before TABCORP announced the Offer)).
- Based on the assumptions referred to in section 5.5(b).
- Assumes all Tab Shares are acquired under the Offer and TABCORP issues 0.211 TABCORP Shares and pays \$2.00 cash per Tab Share.
- EPS (pre amortisation and non-recurring items) post synergies and efficiencies analysis assumes the realisation of the full synergies and efficiencies expected to be achieved in the third full year after the acquisition of Tab.
- Based on the dividends paid or to be paid by Tab and TABCORP in respect of the six months ended 30 June 2003 and the six months ended 31 December 2003. UNiTAB's bidder's statement did not disclose the pro-forma uplift in dividends per share for Tab Shareholders who accept UNiTAB's offer.
- It should be noted that the relevant UNiTAB analysis was based on a compilation of historical results for the year ended 30 June 2003 (assuming, amongst other things, that year three synergies were available for the year ended 30 June 2003), whereas the TABCORP analysis is based on a compilation of forecast financial information for TABCORP and estimated financial information for Tab (see section 5).

The illustrative dividend per share uplift for the year ending 30 June 2004 for Tab Shareholders under the TABCORP Offer is also in excess of 50% (as set out in Figure 5). UNiTAB's bidder's statement does not illustrate the dividend per share uplift for a Tab Shareholder under the UNiTAB offer.

7 Tab Shareholders who accept TABCORP's Offer will have the opportunity to become a shareholder in TABCORP, Australia's premier diversified gambling and entertainment group

You have the opportunity to receive shares in a larger, more diversified company than Tab with an enhanced ability to pursue strategic opportunities.

The Merged Group will operate off-course wagering and sportsbetting operations in New South Wales and Victoria, key wagering media businesses such as Sky Channel, approximately 18,000 gaming machines, four casino, hotel and entertainment complexes in New South Wales and Queensland, Keno operations across the east coast of Australia, gaming machine monitoring operations in Victoria and Queensland, the AWA technical services business and an international monitoring and totalizator sales and support business.

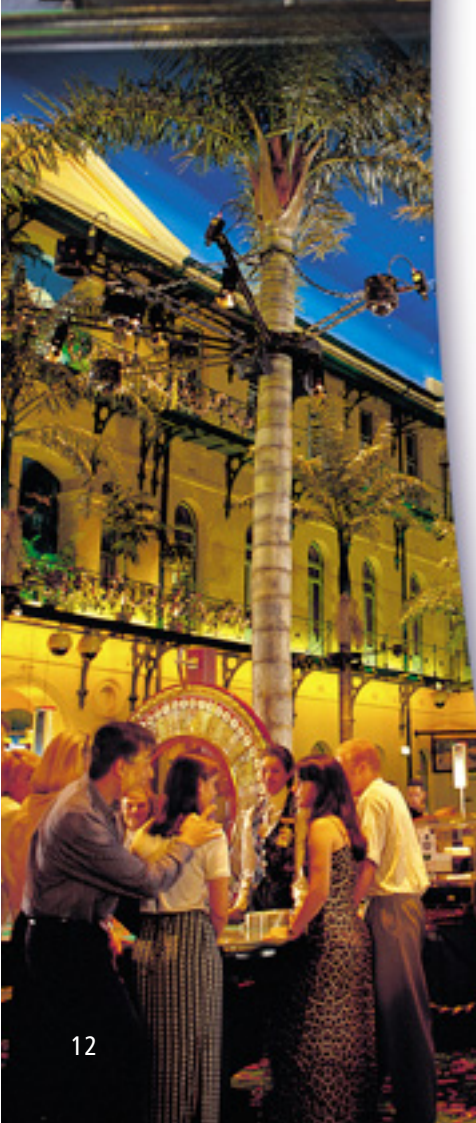
Since listing on ASX in August 1994, TABCORP Shares have substantially outperformed the Australian market as shown in Figure 6. An investment of \$1,000 at the time of TABCORP's listing on ASX would now be worth \$8,896, assuming that all dividends paid were re-invested (without payment of tax or brokerage) at the closing price of TABCORP Shares on the day the stock was declared ex-dividend.

Figure 6: TABCORP total shareholder return¹ versus S&P / ASX 200 Accumulation Index



Note

¹ Total shareholder return assumes that dividends are reinvested at the closing price of TABCORP Shares on the day the stock was declared ex-dividend, that no tax is payable and that no brokerage costs apply.



Nine Good Reasons Why You Should Accept TABCORP's Offer (cont'd)

Following the merger of TABCORP and Tab, you will benefit from the following advantages as a TABCORP shareholder:

- a stronger financial position than Tab, with greater access to capital markets providing TABCORP with greater financial capacity to pursue strategic opportunities. Standard & Poor's has confirmed that TABCORP will retain its investment grade BBB+ credit rating (with a negative outlook) in the event that TABCORP is successful in acquiring more than 50.0% of the Tab Shares on the terms of the Offer;
- greater operational scale with improved product diversification;
- greater geographic breadth and more diversified regulatory risk; and
- larger market capitalisation, providing increased liquidity to you as an owner of TABCORP Shares. Assuming that all of the Tab Shares are acquired under the Offer, the pro-forma TABCORP / Tab market capitalisation is estimated to be approximately \$6 billion (based on TABCORP's closing share price of \$11.85 on 20 February 2004 (the last Trading Day before TABCORP announced the Offer)).

As a recipient of TABCORP Shares under the Offer, you will, through your shareholding interest, share in the synergy benefits which are expected to arise from the combination of TABCORP's and Tab's wagering operations. Assuming that all of the Tab Shares are acquired under the Offer, TABCORP has identified not less than \$62.5 million in annual cost and revenue synergies and efficiencies (before taking into account benefits accruing to the relevant racing industries), \$41.5 million of which are expected to contribute to TABCORP's pre-tax earnings in the third full year following the merger (assuming the full \$12.0 million of increased product fees are paid to NSW Racing in that year even though the \$12.0 million figure is not required to be paid until the fourth year (see section 9.7(a)(i))), subject to certain regulatory approvals and other risks (see sections 5.5(b)(i) and 8.6(d)). TABCORP currently expects approximately 40% of the cost and revenue synergies and efficiencies will be achieved in the first full year and 60% in the second full year following the acquisition (prior to the additional product fees payable to NSW Racing). If the TABCORP Group does not acquire all of the Tab Shares but acquires more than 50% of them and Tab remains listed on ASX, the contribution to TABCORP's pre-tax earnings in the third full year from annual cost and revenue synergies and efficiencies is expected to be \$38.2 million (subject to the same conditions as the 100% case - see section 5.5(d)).

TABCORP's management team is highly experienced in the integration of large acquisitions with the full integration of Star City Casino in October 1999 extracting substantial synergy benefits and efficiency gains. Since TABCORP's acquisition of Star City Casino, EBITA on a full cost allocation basis for Star City Casino has grown from \$112 million in the year ended 30 June 2001 to \$182 million for the year ended 30 June 2003.

Since TABCORP announced the Jupiters Merger in March 2003 (which was completed in November 2003), TABCORP has actively been working on integration strategies for Jupiters. As at the date of this Bidder's Statement, the initial Jupiters integration plan has been completed and execution of this plan by TABCORP's integration and casino management teams is on track to realise substantial synergies and operational efficiencies in the first full year of the Jupiters Merger. The expected annual synergies arising from the Jupiters Merger are \$24.6 million, \$14.4 million above the \$10.2 million identified at the time of the merger, with \$20.5 million expected to be achieved in the year ending 30 June 2005. The annual synergies and efficiencies identified do not include any synergies and efficiencies with respect to the casino properties managed by a wholly owned subsidiary of Caesar's Entertainment (the properties being Conrad Jupiters Hotel-Casino and Conrad Treasury Hotel-Casino).

TABCORP's experienced wagering management team and its technical services division are fully committed to, and focused on, the integration of the Tab business, with the assistance of key executives from TABCORP's corporate head office. Based on the financial due diligence undertaken by TABCORP on Tab to date, TABCORP is confident that its current integration plans will deliver, at a minimum, the synergies and efficiencies it has identified.

UNiTAB has no prior experience in the integration of acquisitions of greater than \$100 million in value. Tab's target's statement dated 5 March 2004 in relation to UNiTAB's offer also notes that UNiTAB's prior acquisition experience relates to the integration of businesses of a similar nature to UNiTAB, but of a smaller size, whereas the scale, diversity and complexity of Tab's businesses are significantly greater than that of UNiTAB.

TABCORP's identified minimum level of synergy and efficiency contribution to pre-tax earnings in the third full year following the merger is substantially higher than UNiTAB's identified realisable synergies of \$34.6 million over the same period. TABCORP expects that it can achieve greater synergies than UNiTAB given:

- the much larger scale of the Victorian and New South Wales wagering operations of the respective TABCORP and Tab businesses compared to the size of UNiTAB's wagering operations. This is expected to provide a larger cost base from which to extract savings;
- that TABCORP's wagering business generates higher EBIT margins (before racing industry fees, product and program fees and wagering taxes) than UNiTAB's wagering business, providing greater opportunity for the realisation of efficiency gains;
- that the wagering management team of the Merged Group will be based in New South Wales, which will also ensure a more effective focus on the integration of the businesses. Further, TABCORP has existing operations in New South Wales (being Star City Casino, Keno in 1,034 New South Wales venues and part of the AWA technical services business); and
- that an acquisition of Tab will result in minimal increases in head office functions (such as finance, human resources and legal) for TABCORP.



Nine Good Reasons Why You Should Accept TABCORP's Offer (cont'd)

8

There is the potential for capital gains tax rollover relief on the share component of the Offer consideration

If you are an Australian resident Tab Shareholder, you may be entitled to 'scrip for scrip' capital gains tax rollover relief on the share component of the Offer consideration if TABCORP acquires at least 80% of Tab (although the Offer is not conditional on this occurring). Further details are set out in section 7.

This potential benefit is particularly attractive for Tab Shareholders with a low entry price into Tab Shares and high marginal tax rates who would otherwise incur a taxable capital gain on disposal of their Tab Shares.

9

You will not incur any brokerage costs

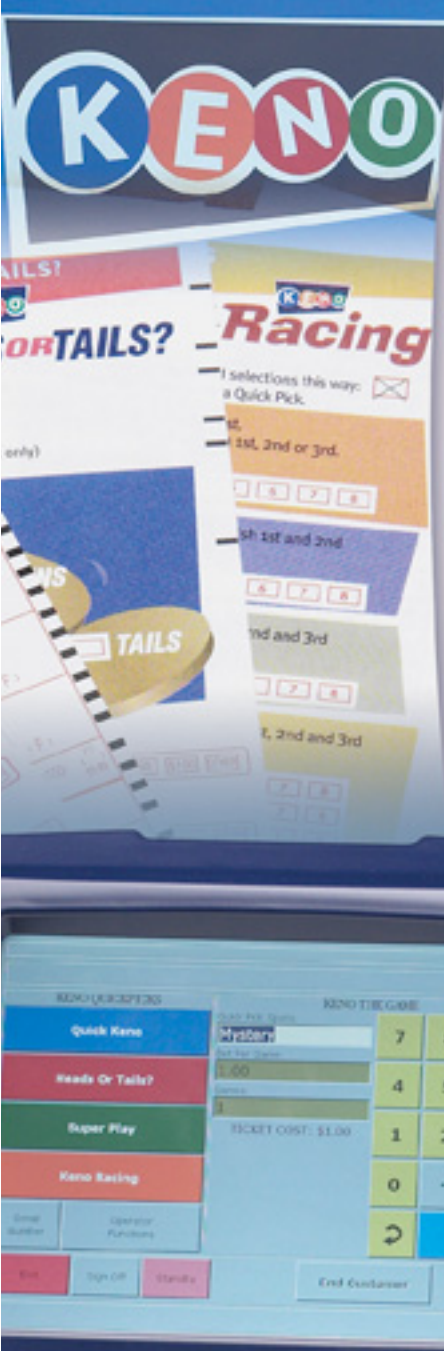
In selling your Tab Shares under the Offer, you will not incur any brokerage costs in relation to the sale of those shares (unless you are a Foreign Shareholder (see sections 9.13 and 10.6(g)).

In addition, those Eligible Tab Shareholders who choose to sell the TABCORP Shares to which they are entitled under the Offer (up to a maximum of 200 TABCORP Shares) under the Share Sale Facility (described in section 11) will not incur any brokerage costs in relation to that sale. If you are entitled to more than 200 TABCORP Shares under the Offer and you elect to participate in the Share Sale Facility, you will retain the excess TABCORP Shares.

As an example, if you own 257 Tab Shares and you accept the Offer, you will receive \$514 cash and between 51 and 57 TABCORP Shares (depending on the TABCORP VWAP and assuming that the Offer becomes, or is declared, unconditional). If you elect to participate in the Share Sale Facility, all of those TABCORP Shares will be sold pursuant to the Share Sale Facility.

If you are an Eligible Tab Shareholder and you wish to use the Share Sale Facility, you can elect to do so:

- at the time that you accept the Offer, by marking the relevant box on the Acceptance Form and returning the completed form in accordance with the instructions on it or, if your Tab Shares are held in a CHES Holding, you may alternatively instruct your Controlling Participant to make the election on your behalf; or



- if you have already accepted the Offer, by contacting the Registrar on 1300 665 661 and requesting the appropriate form and then completing and returning the form in accordance with the instructions on it.

As at 1 April 2004 (being the last Trading Day before the date of this Bidder's Statement), the closing price of TABCORP Shares on ASX was \$12.29. The price of TABCORP Shares is subject to change from time to time, and pricing information is available from newspapers or the ASX website (www.asx.com.au) under the ASX code 'TAH'.

You should note that:

- no TABCORP Shares will be sold under the Share Sale Facility until after the Offer has become, or been declared, unconditional (if that occurs);
- the TABCORP Shares sold under the Share Sale Facility may be sold either in the Book Build (if you elect to participate in the Share Sale Facility before the end of the VWAP Period) or on ASX;
- the price at which TABCORP Shares will be sold under the Share Sale Facility is not fixed and is not underwritten, and (in particular in the case of Book Build Shares) may be less than the market price of TABCORP Shares at the time that you elect to participate or that any sale takes place; and
- if there is a large number of TABCORP Shares to be sold under the Share Sale Facility at the same time as your Sale Shares (whether on ASX or under the Book Build), this may have an adverse effect on the price that you receive (see also section 8.6(a)).

Further details in relation to the Share Sale Facility are set out in section 11.