



Tabcorp Subordinated Notes

Prospectus for the
issue of Tabcorp
Subordinated Notes
to be listed on ASX

Issuer
Tabcorp Holdings Limited

Structuring Adviser and
Joint Lead Manager
UBS

Joint Lead Managers
Macquarie
Westpac

Co-Managers
Bell Potter
Citigroup

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Important notices

About this Prospectus

This Prospectus relates to the offer by Tabcorp Holdings Limited (ABN 66 063 780 709) (**Tabcorp**) of Notes which are unsecured, subordinated, cumulative notes with an Issue Price of \$100 each to raise \$200 million with the ability to raise more or less.

This Prospectus is dated 14 February 2012 and was lodged with the Australian Securities and Investments Commission (**ASIC**) on that date.

ASIC and ASX Limited (**ASX**) take no responsibility for the contents of this Prospectus nor for the merits of the investment to which this Prospectus relates.

This Prospectus expires on the date which is 13 months after 14 February 2012 and no Notes will be issued on the basis of this Prospectus after that date.

Not investment advice

This Prospectus does not provide investment or financial product advice. The Offer, and the information in this Prospectus, does not take into account your investment objectives, financial situation and particular needs (including financial and tax issues) as an investor. You should read this entire Prospectus carefully before deciding whether to invest in Notes and completing and lodging an Application.

In particular, in considering whether to apply for Notes, it is important that you:

- consider the risk factors that could affect the financial performance and position of the Tabcorp Group as well as other information in this Prospectus in light of your particular investment objectives, financial situation and particular needs (including financial and tax issues); and
- seek professional investment advice from your financial or other professional adviser before deciding whether to apply for Notes.

This Prospectus is only relevant for investors or potential investors in Notes and should not be used for any other purpose.

If you have any questions in relation to the Offer, please call the Tabcorp Offer Information Line on 1300 665 661 or +61 2 8280 7418 (for overseas callers), Monday to Friday — 8.30am to 5.30pm (Melbourne time).

ASIC has published a guide for retail investors who are considering investing in corporate bonds called 'Investing in corporate bonds?' (the **ASIC Guide**). A free copy of the ASIC Guide can be obtained from ASIC's website at www.moneysmart.gov.au/media/132057/investing-in-corporate-bonds.pdf or by calling ASIC on 1300 300 630 (from inside Australia) or +61 3 5177 3988 (from outside Australia).

The ASIC Guide describes, in general terms, potential features of corporate bonds. ASIC has also prepared a webpage regarding hybrid securities and notes (the **ASIC Webpage**).

The ASIC Webpage can be accessed at: <https://www.moneysmart.gov.au/investing/complex-investments/hybrid-securities-and-notes>. Investors should carefully assess the specific terms of Notes as described in this Prospectus, which may differ from the general terms described in the ASIC Guide or on the ASIC Webpage.

Exposure Period

The Corporations Act prohibits Tabcorp from processing Applications for Notes in the seven day

period after 14 February 2012, being the date on which the Prospectus was lodged with ASIC.

This period is referred to as the **Exposure Period** and ASIC may extend this period by up to a further seven days (that is, up to a total of 14 days).

The purpose of the Exposure Period is to enable the Prospectus to be examined by market participants before the raising of funds. The examination may result in the identification of certain deficiencies in this Prospectus in which case any Application may need to be dealt with in accordance with section 724 of the Corporations Act. Applications received during the Exposure Period will not be processed until after the expiry of the Exposure Period. No preference will be conferred on Applications received during the Exposure Period.

How to obtain a Prospectus

This Prospectus will be available electronically during the Offer Period at www.tabcorp.com.au/notes. The Offer constituted by this Prospectus in electronic form is only available to persons receiving this Prospectus in Australia and is not available to persons in any other jurisdictions (including the United States) without the prior approval of Tabcorp and the Joint Lead Managers.

If you access an electronic copy of this Prospectus, then you should ensure that you download and read the entire Prospectus.

You can also register to receive a printed copy of the Prospectus and Application Form by calling the Tabcorp Offer Information Line on 1300 665 661 or +61 2 8280 7418 (for overseas callers), Monday to Friday — 8.30am to 5.30pm (Melbourne time).

The Corporations Act prohibits any person from passing an Application Form on to another person unless it is attached to or accompanied by a printed copy of this Prospectus or a complete and unaltered electronic version of this Prospectus.

Electronic access to this Prospectus

The following conditions apply if this Prospectus is accessed electronically.

- You must download the entire Prospectus.
- Your Application will only be considered where you have applied on an Application Form that was attached to or accompanied by a copy of this Prospectus.
- The Prospectus is available to you electronically only if you are accessing and downloading or printing the electronic copy of the Prospectus in Australia.

Applications for Tabcorp Subordinated Notes

Applications for Notes under this Prospectus may only be made during the Offer Period (although Tabcorp reserves the right to accept late Applications) and pursuant to an Application Form attached to or accompanying this Prospectus.

For information on who is eligible to apply for Notes under the Offer and how to make an Application—see Section 6.

Providing personal information

You will be asked to provide personal information to Tabcorp (directly or via its agents) if you apply for Notes. See Section 9.7 for information on how Tabcorp and its agents collect, hold and use this personal information.

Restrictions in foreign jurisdictions

This Prospectus does not constitute an offer of

Notes or invitation in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation.

For details of certain foreign selling restrictions that apply to the Notes in foreign jurisdictions—see Section 6.5.2.

No representations other than in this Prospectus

No person is authorised to provide any information, or to make any representations in connection with the Offer, that is not contained in this Prospectus. Any information or representations not contained in this Prospectus may not be relied upon as having been authorised by Tabcorp in connection with the Offer.

Except as required by law, and only to the extent so required, neither Tabcorp nor any other person warrants the future performance of Tabcorp or any other member of the Tabcorp Group or any return on any investment made under this Prospectus.

The pro-forma financial information provided in this Prospectus is for information purposes only and is not a forecast of operating results to be expected in future periods.

Forward looking statements

Certain statements in this Prospectus relate to the future. These forward looking statements, which can be identified by words such as 'may', 'could', 'believes', 'estimates', 'expects', 'intends' and other similar words, involve known and unknown risks, uncertainties, assumptions and other important factors that could cause the actual results, performance or achievements of Tabcorp or other members of the Tabcorp Group to be materially different from future results, performance or achievements expressed or implied by such statements. Such forward looking statements are based on numerous assumptions regarding present and future business strategies and the environment in which members of the Tabcorp Group will operate in the future. Certain important factors that could cause actual results, performance or achievements to differ materially from those in the forward looking statements include, among others, the risk factors described in this Prospectus, and other unknown risks and uncertainties. Forward looking statements should, therefore, be construed in light of such risk factors and reliance should not be placed on forward looking statements.

Defined words and expressions

Some capitalised words and expressions used in this Prospectus have defined meanings. The Glossary in Appendix B defines these words and expressions.

The definitions specific to the Notes are in Clause 12.3 of the Terms of Issue in Appendix A. If there is any inconsistency in definitions between this Prospectus and the Terms of Issue, the definitions in the Terms of Issue prevail.

A reference to time in this Prospectus is to Melbourne time unless otherwise stated. A reference to \$, dollars and cents is to Australian currency unless otherwise stated.

Some numbers in this Prospectus have been rounded.

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Key dates

Key dates for the Offer	Date
Lodgement of this Prospectus with ASIC	14 February 2012
Bookbuild to determine the Margin	21 February 2012
Announcement of the Margin and lodgement of the replacement Prospectus with ASIC	22 February 2012
Opening Date for the Offer	22 February 2012
Closing Date for the Securityholder Offer and General Offer	5.00pm (Melbourne time) on 14 March 2012
Closing Date for the Broker Firm Offer	10.00am (Melbourne time) on 21 March 2012
Settlement Date	21 March 2012
Issue Date	22 March 2012
Notes begin trading on ASX (on a deferred settlement basis)	23 March 2012
Holding Statements despatched	26 March 2012
Notes begin trading on ASX (on a normal settlement basis)	27 March 2012

Key dates for Notes	Date
First Interest Payment Date ¹	22 June 2012
First Call Date	22 March 2017
Maturity Date	22 March 2037

Dates may change

The key dates for the Offer are indicative only and may change.

Tabcorp, in consultation with the Joint Lead Managers, may extend the Offer, close the Offer early without notice, accept late Applications (either generally or in particular cases) or withdraw the Offer at any time before Notes are issued. If you wish to apply for Notes you are encouraged to submit your Application as soon as possible after the Opening Date. If the Closing Date is varied, subsequent dates may also be varied accordingly.

¹ Interest Payments are scheduled to be paid quarterly in arrears on the Interest Payment Dates being each 22 June, 22 September, 22 December and 22 March. If any Interest Payment Date is not a Business Day, then the Interest Payment Date will occur on the next Business Day. Refer to Section 2.2 for further information.

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Chairman's letter



14 February 2012

Dear Investor

On behalf of the Board, I am pleased to offer you the opportunity to invest in Tabcorp Subordinated Notes (**Notes**).

Notes are unsecured, subordinated, cumulative notes to be issued by Tabcorp and are intended to be listed on ASX.

Holders will be entitled to receive quarterly interest payments unless deferred, based on a floating rate of interest plus a fixed margin. Notes will mature on 22 March 2037, unless redeemed earlier. Tabcorp has the right to redeem Notes from 22 March 2017 (or earlier in certain circumstances), but is not obliged to do so.

Tabcorp intends to raise \$200 million through the Offer of Notes with the ability to raise more or less.

This Prospectus contains information about Tabcorp and the Offer. You should read this Prospectus carefully before deciding whether to invest in Notes and, in particular, you should consider the risk factors set out in Section 5 before deciding whether to apply for Notes.

If, after reading this Prospectus, you have any questions about the Offer or how to apply for Notes, please call the Tabcorp Offer Information Line on 1300 665 661 or +61 2 8280 7418 (for overseas callers), Monday to Friday – 8.30am to 5.30pm (Melbourne time), or contact your syndicate broker or other professional adviser.

On behalf of the Board, I invite you to consider this investment opportunity.

Yours faithfully

A handwritten signature in black ink that reads "Paula Dwyer".

Paula Dwyer
Chairman
Tabcorp Holdings Limited



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1. Investment overview

1. Investment overview

This Section provides a summary of key information in relation to a consideration of an investment in Tabcorp Subordinated Notes.

1.1 Key features of the Offer and Notes

Topic	Summary	Further information
Who is the issuer?	<ul style="list-style-type: none"> Tabcorp Holdings Limited. 	Section 3
What are Notes?	<ul style="list-style-type: none"> Notes are unsecured, subordinated, cumulative notes to be issued by Tabcorp. 	Section 2
Maturity Date	<ul style="list-style-type: none"> 25 years (maturing on 22 March 2037), unless redeemed earlier. 	Section 2.1.5 Clauses 3.1 and 12.3 of the Terms of Issue
Interest Payments	<ul style="list-style-type: none"> Floating interest rate equal to the sum of the Bank Bill Rate plus the Margin. The Margin is to be determined under the Bookbuild and is expected to be in the range of 4.0% and 4.5% per annum. If Tabcorp does not elect to redeem Notes on 22 March 2017 (i.e. the First Call Date), the Margin will increase by 0.25% per annum. Interest is to be paid quarterly in arrears, subject to deferral. Interest is to be paid in cash. Interest Payments will not have any franking credits attached to them. 	Section 2.2 Clause 2.1 and 2.2 of the Terms of Issue
Tabcorp's redemption rights	<ul style="list-style-type: none"> Tabcorp may elect to redeem Notes at its option on 22 March 2017 (i.e. the First Call Date) or any later Interest Payment Date (being each 22 June, 22 September, 22 December and 22 March). In addition, Tabcorp may elect to redeem Notes before or after the First Call Date if certain events occur. The circumstances in which Tabcorp may redeem Notes before 22 March 2037 are described in Section 2.4. 	Section 2.4 Clauses 3.2 and 3.3 of the Terms of Issue
Holdings' redemption rights	<ul style="list-style-type: none"> Holdings may only request redemption before the Maturity Date if a Change of Control Event occurs and Tabcorp does not elect to redeem the Notes. 	Section 2.4.5 Clause 3.4 of the Terms of Issue

Topic	Summary	Further information
What are the key Offer details?	<ul style="list-style-type: none"> • Offer size is \$200 million, with the ability to raise more or less. • Issue price is \$100 per Note. This is also the Face Value. • Your application must be for a minimum of 50 Notes (\$5,000). If your application is for more than 50 Notes, then you must apply in incremental multiples of 10 Notes – that is, for incremental multiples of \$1,000. 	Section 2
What is the purpose of the Offer?	<ul style="list-style-type: none"> • The proceeds of the Offer will be used for general corporate purposes (including the repayment of existing financial indebtedness). The Offer forms part of Tabcorp's ongoing capital management strategy. 	Section 2.1.4
Important matters to be aware of	<p><i>25 year term:</i></p> <ul style="list-style-type: none"> • While Tabcorp may redeem Notes in certain circumstances before their Maturity Date in 25 years, it is not obliged to do so. • Holding a Note for a long period may result in the real value of the proceeds received on redemption decreasing as a result of inflation. <p><i>Limited right of Holders to redeem:</i></p> <ul style="list-style-type: none"> • Holders have no rights to request redemption of Notes prior to the Maturity Date except if a Change of Control Event occurs and Tabcorp does not elect to redeem the Notes. <p><i>ASX listed:</i></p> <ul style="list-style-type: none"> • Holders may seek to sell Notes on ASX but there is no guarantee they will be able to do so, or do so at an acceptable price. This may particularly be the case if Notes remain outstanding for a long period and the Tabcorp Group's financial position or performance, or broader economic or market conditions, materially deteriorate. <p><i>Interest may be deferred:</i></p> <ul style="list-style-type: none"> • While interest payments are cumulative, Tabcorp may be required to defer Interest Payments for a period of up to five years. <p><i>No conversion or voting rights:</i></p> <ul style="list-style-type: none"> • Notes are not convertible into Ordinary Shares or any other shares and have no rights to vote with Ordinary Shares or any other shares. <p><i>Different to Tabcorp Bonds:</i></p> <ul style="list-style-type: none"> • Notes are also different to Tabcorp Bonds and have no rights to vote with Tabcorp Bonds. <p><i>Seek professional advice:</i></p> <ul style="list-style-type: none"> • If you do not understand any part of this Prospectus, or are in any doubt as to whether to invest in Notes, it is recommended that you seek professional investment advice from your financial or other professional adviser before deciding whether to invest. 	Sections 1.4, 1.5 and 5

1. Investment overview

Topic	Summary	Further information
Deferral of Interest Payments	<ul style="list-style-type: none"> Interest Payments must be deferred if, on the eighth Business Day prior to the Interest Payment Date for that Interest Payment, a Deferral Event exists and Tabcorp has solicited from one rating agency, and that rating agency has assigned, a credit rating to Tabcorp's long-term senior unsecured debt. A Deferral Event may occur if there is a material deterioration in the financial profile of the Tabcorp Group that affects its Interest Cover Ratio or Leverage Ratio. A Deferral Event will commence on and from a Testing Date (Commencing Testing Date) where: <ul style="list-style-type: none"> the Leverage Ratio in relation to the Commencing Testing Date and the most recent Testing Date before that date is above 3.5 times; or the Interest Cover Ratio in relation to the Commencing Testing Date is less than 3.0 times, and will continue until the Testing Date (Ending Testing Date) in relation to which: <ul style="list-style-type: none"> the Leverage Ratio on that date and the most recent Testing Date before it is at or below 3.5 times;² and the Interest Cover Ratio is at or above 3.0 times. 	Section 2.3 Clause 2.6 of the Terms of Issue
First Call Date	<ul style="list-style-type: none"> Tabcorp may, but is not obliged to, redeem Notes on 22 March 2017 (i.e. the First Call Date) or any later Interest Payment Date (being each 22 June, 22 September, 22 December and 22 March). If Tabcorp does not elect to redeem Notes on 22 March 2017 (i.e. the First Call Date), the Margin will increase by 0.25% per annum. 	Sections 2.4.2 and 2.2.3 Clauses 2.2 and 3.2 of the Terms of Issue
Unsecured	<ul style="list-style-type: none"> Repayment is not secured by a mortgage, charge or other security over any assets of any member of the Tabcorp Group or any other person. 	Section 2.5.1 Clause 4.1 of the Terms of Issue

² This requirement will only apply if: (i) at the Commencing Testing Date and the most recent Testing Date before that date the Leverage Ratio was above 3.5 times, or (ii) during the period from (and including) the Commencing Testing Date to (and including) the Ending Testing Date the Leverage Ratio: (A) was above 3.5 times on two or more consecutive Testing Dates, and (B) was not at or below 3.5 times on two or more subsequent consecutive Testing Dates.

Topic	Summary	Further information																					
Ranking	<ul style="list-style-type: none"> Notes will effectively rank in an Event of Insolvency (for example, if a liquidator is appointed to wind up Tabcorp): <ul style="list-style-type: none"> behind all unsubordinated creditors of Tabcorp; and ahead of Ordinary Shares.³ If at any time an Event of Insolvency occurs in relation to Tabcorp, the amount payable to Holders will only be paid after amounts owing to all other creditors of Tabcorp have been paid in full.³ The table below illustrates how Notes would rank upon a liquidation of Tabcorp against Tabcorp's obligations in respect of existing debt instruments, creditors and equity. This is a simplified capital/debt structure and does not specifically identify every type of security issued by Tabcorp or every potential claim against Tabcorp in a liquidation. 	Sections 2.5.2 and 2.5.3 Clause 4.2 of the Terms of Issue																					
	<table border="1"> <thead> <tr> <th>Classification</th> <th>Type</th> <th>Existing debt instruments and equity</th> <th>Amount as at 31 December 2011</th> </tr> </thead> <tbody> <tr> <td rowspan="5">Highest Ranking ↓ Lowest Ranking</td> <td>Secured debt</td> <td>None</td> <td>None</td> </tr> <tr> <td>Unsubordinated and unsecured debt</td> <td>Bank loans, Tabcorp Bonds and medium term notes</td> <td>\$975 million</td> </tr> <tr> <td>Other unsubordinated creditors</td> <td>N/A</td> <td>\$884 million</td> </tr> <tr> <td>Subordinated and unsecured debt</td> <td>Notes</td> <td>None</td> </tr> <tr> <td>Equity</td> <td>Ordinary Shares</td> <td>\$1,317 million</td> </tr> </tbody> </table>	Classification	Type	Existing debt instruments and equity	Amount as at 31 December 2011	Highest Ranking ↓ Lowest Ranking	Secured debt	None	None	Unsubordinated and unsecured debt	Bank loans, Tabcorp Bonds and medium term notes	\$975 million	Other unsubordinated creditors	N/A	\$884 million	Subordinated and unsecured debt	Notes	None	Equity	Ordinary Shares	\$1,317 million		
Classification	Type	Existing debt instruments and equity	Amount as at 31 December 2011																				
Highest Ranking ↓ Lowest Ranking	Secured debt	None	None																				
	Unsubordinated and unsecured debt	Bank loans, Tabcorp Bonds and medium term notes	\$975 million																				
	Other unsubordinated creditors	N/A	\$884 million																				
	Subordinated and unsecured debt	Notes	None																				
	Equity	Ordinary Shares	\$1,317 million																				
Listing	<ul style="list-style-type: none"> Application will be made for Notes to be quoted on ASX under the code 'TAHHB'. 	Section 6.5.3																					

³ There are no restrictions on Tabcorp incurring any debt obligations which rank in priority ahead of, equal with or behind Notes in the future. As at the date of this Prospectus, there are no debt obligations of Tabcorp which rank equal with or behind Notes. If at any time Tabcorp incurred any obligations which were Equal Ranking Obligations or Junior Ranking Obligations, then Notes would rank equally with any such Equal Ranking Obligations and ahead of any such Junior Ranking Obligations.

1. Investment overview

1.2 Comparison between Tabcorp Subordinated Notes, Tabcorp Bonds and Ordinary Shares

There are differences between Notes, Tabcorp Bonds and Ordinary Shares. You should consider these differences in light of your investment objectives, financial situation and particular needs (including financial and taxation issues) before deciding to invest in Notes.

The following comparison is a summary only, and does not encompass all of Tabcorp's funding sources. For further information about Tabcorp's funding sources and capital management strategy refer to Section 4.6.

	Tabcorp Bonds	Tabcorp Subordinated Notes	Ordinary Shares
Legal form	<ul style="list-style-type: none"> Notes. 	<ul style="list-style-type: none"> Notes. 	<ul style="list-style-type: none"> Shares.
Security	<ul style="list-style-type: none"> Unsecured. 	<ul style="list-style-type: none"> Unsecured. This means that the obligations of Tabcorp under the Notes are not secured by any assets of any member of the Tabcorp Group or any other person. Holders do not have the benefit of a mortgage, charge or encumbrance over any other assets. 	<ul style="list-style-type: none"> Not applicable.
Ranking	<ul style="list-style-type: none"> Tabcorp Bonds rank ahead of Ordinary Shares and Notes and at least equally with all Tabcorp's other unsecured and unsubordinated debt obligations (other than those obligations mandatorily preferred by law) and will not be subordinated to any other unsecured debt obligations of Tabcorp. 	<ul style="list-style-type: none"> Notes rank ahead of Ordinary Shares and behind Tabcorp Bonds and all other creditors of Tabcorp.⁴ 	<ul style="list-style-type: none"> Ordinary Shares rank behind all other securities and obligations.
Term	<ul style="list-style-type: none"> 5 years, unless redeemed earlier. 	<ul style="list-style-type: none"> 25 years, unless redeemed earlier. 	<ul style="list-style-type: none"> Perpetual (unless bought back).
Tabcorp's redemption rights	<ul style="list-style-type: none"> Tabcorp has no right to redeem Tabcorp Bonds prior to their maturity (unless certain events occur). 	<ul style="list-style-type: none"> From year 5 (or earlier in certain circumstances). 	<ul style="list-style-type: none"> Not applicable.

⁴ There are no restrictions on Tabcorp incurring any debt obligations which rank in priority ahead of, equal with or behind Notes in the future. As at the date of this Prospectus, there are no debt obligations of Tabcorp which rank equal with or behind the Notes. If at any time Tabcorp incurred any obligations which were Equal Ranking Obligations or Junior Ranking Obligations, then the Notes would rank equally with any such Equal Ranking Obligations and ahead of any such Junior Ranking Obligations.

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	Tabcorp Bonds	Tabcorp Subordinated Notes	Ordinary Shares
Holder redemption right	<ul style="list-style-type: none"> • Holders may only request redemption before the Maturity Date if a "change of control event" occurs and certain other conditions are satisfied or Tabcorp Bonds cease to be quoted on ASX or trading in Tabcorp Bonds is suspended for a certain period. 	<ul style="list-style-type: none"> • Holders may only request redemption before the Maturity Date if a Change of Control Event occurs and Tabcorp does not elect to redeem the Notes. 	<ul style="list-style-type: none"> • Not applicable.
Payments	<ul style="list-style-type: none"> • Interest payments, which cannot be deferred or cancelled. 	<ul style="list-style-type: none"> • Interest Payments, which in certain circumstances must be deferred. 	<ul style="list-style-type: none"> • Dividends, payable at the absolute discretion of the Board.
Payment amounts	<ul style="list-style-type: none"> • Based on a floating interest rate plus a margin. 	<ul style="list-style-type: none"> • Based on a floating interest rate equal to the sum of the Bank Bill Rate plus the Margin. 	<ul style="list-style-type: none"> • Based on Tabcorp's level of profitability and the Board's prevailing dividend policy (though ultimately at the absolute discretion of the Board).
Payment accumulation	<ul style="list-style-type: none"> • Any unpaid interest payments are cumulative and compounding. 	<ul style="list-style-type: none"> • Any deferred Interest Payments are cumulative and compounding. 	<ul style="list-style-type: none"> • None.
Participation in Tabcorp's profits on a winding up	<ul style="list-style-type: none"> • No. 	<ul style="list-style-type: none"> • No. 	<ul style="list-style-type: none"> • Yes.
Rights to be repaid at end of Term	<ul style="list-style-type: none"> • Yes. 	<ul style="list-style-type: none"> • Yes. 	<ul style="list-style-type: none"> • Not applicable.
Voting rights at general meetings of Tabcorp shareholders	<ul style="list-style-type: none"> • No. 	<ul style="list-style-type: none"> • No. 	<ul style="list-style-type: none"> • Yes.

1. Investment overview

	Tabcorp Bonds	Tabcorp Subordinated Notes	Ordinary Shares
Transferability and liquidity	<ul style="list-style-type: none"> • Tabcorp Bonds are quoted, and can be sold, on ASX under the code 'TAHHA'. • Tabcorp Bonds are likely to be less liquid than Ordinary Shares. 	<ul style="list-style-type: none"> • Tabcorp will apply for Notes to be quoted on ASX under code 'TAHHB'. • Offer size of \$200 million, with the ability to raise more or less. • Notes are likely to be less liquid than Ordinary Shares. 	<ul style="list-style-type: none"> • Quoted and can be sold on ASX under the code 'TAH'. • Market capitalisation of approximately \$2.1 billion.⁵ • Likely to be more liquid than Notes and Tabcorp Bonds.

1.3 Overview of the Tabcorp Group

Topic	Summary	Further information
Overview	<ul style="list-style-type: none"> • One of Australia's leading wagering, gaming and entertainment groups. • Operates wagering, media and international, gaming and Keno businesses. • Enjoys a leading position in all of its business segments. • Listed on ASX and is an S&P/ASX 100 company by market capitalisation (approximately \$2.1 billion⁵ as at the close of trading on ASX on 13 February 2012). 	Section 3.1
Diversified portfolio of businesses with market leading positions	<p><i>Wagering</i></p> <ul style="list-style-type: none"> • Totalizator and fixed odds wagering based in Victoria and NSW under the TAB and TAB Sportsbet brands. • Fixed odds betting based in the Northern Territory under the Luxbet brand. • Operates Trackside, a computer simulated racing product, in Victoria and NSW, and licences the product overseas. <p><i>Media and International</i></p> <ul style="list-style-type: none"> • Broadcasts thoroughbred, harness and greyhound racing on three channels plus digital media and operates Sky Sports Radio. • Wagering and pooling services in the Isle of Man via Premier Gateway International incorporated joint venture. <p><i>Gaming</i></p> <ul style="list-style-type: none"> • Owns and operates EGMs under the Tabaret brand in Victoria until mid-August 2012. • Post mid-August 2012, Tabcorp Gaming Solutions (TGS) is scheduled to commence operations, providing full EGM service and maintenance support. <p><i>Keno</i></p> <ul style="list-style-type: none"> • Operates Keno in NSW, Queensland and Victoria. 	Section 3.2

⁵ As at the close of trading on ASX on 13 February 2012.

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Topic	Summary	Further information
Operates long term licences in key markets	<ul style="list-style-type: none"> • Holds the NSW Wagering Licences (expiring 2097). • Recently awarded the new Victorian Wagering and Betting Licence (expiring 2024) and Victorian Keno Licence (expiring 2022). • Holds a NT Sports Bookmaker Licence through Luxbet (expiring 2015). • Holds Keno licences in NSW and Queensland (expiring 2022). 	Section 3.3
Strong financial profile and performance	<ul style="list-style-type: none"> • In the financial year ended 30 June 2011, the Wagering, Media and International, Gaming and Keno businesses generated revenue of \$2,948 million with EBITDA (being earnings before interest, income taxation expenses, depreciation and amortisation) of \$686 million and EBIT (being earnings before interest and income taxation expenses) before impairment of \$562 million. • Post mid-August 2012, the business structure, financial profile and financial position of the Tabcorp Group will change due to, among other things, the expiry of the current Victorian Wagering Licence, the commencement of the Victorian Wagering and Betting Licence, the expiry of the Victorian Gaming Licence and a change in the regulatory regime in relation to the operation of EGMs in Victoria. Additional financial information regarding the nature and impact of these changes is set out in Section 4. • Further financial information regarding the Tabcorp Group and information regarding the Tabcorp Group's capital management strategy is set out in Section 4. 	Sections 3.4 and 4
Business strategy	<p><i>Wagering</i></p> <ul style="list-style-type: none"> • Build on strength in retail distribution. • Drive fixed odds expansion. • Drive online business. • Seek to improve regulatory conditions. • Promote loyalty program. <p><i>Media and International</i></p> <ul style="list-style-type: none"> • Enhance Australian racing exposure and expand internationally. <p><i>Gaming</i></p> <ul style="list-style-type: none"> • Further develop and expand TGS. <p><i>Keno</i></p> <ul style="list-style-type: none"> • Expand distribution and self-service. 	Section 3.5
Experienced management team	<ul style="list-style-type: none"> • Experienced management team with strong strategic, operational and financial management skills and a proven track record. 	Section 8.3

1. Investment overview

1.4 Key risks associated with Tabcorp Subordinated Notes

Topic	Summary	Further information
Changes in Interest Rate	<ul style="list-style-type: none"> The Interest Rate is calculated for each Interest Period by reference to the Bank Bill Rate, which is influenced by a number of factors and may fluctuate over time. The Interest Rate may become less attractive compared to the rates of return available on other securities or alternative investments. 	Section 5.1.1
Notes are long-dated	<ul style="list-style-type: none"> Notes will mature in 25 years on 22 March 2037. Although Notes may be redeemed by Tabcorp in certain circumstances prior to this date (including on 22 March 2017 (i.e. the First Call Date) or any Interest Payment Date after that date), Tabcorp is under no obligation to do so. Holder have limited rights to request redemption of Notes. Holder may seek to sell Notes on ASX but there is no guarantee they will be able to do so, or do so at a price acceptable to the Holder, particularly if Notes remain outstanding for a long period of time and the Tabcorp Group's financial position or performance, or broader macroeconomic or market conditions, materially deteriorate. Holding a Note for a long period may result in the real value of the proceeds received on redemption decreasing as a result of inflation. 	Section 5.1.2
Notes are subordinated obligations	<ul style="list-style-type: none"> There may be a shortfall of funds to pay all amounts ranking senior to and equally with Notes if Tabcorp is wound up. This would result in Holders not receiving any payment if claims ranking senior to Notes were not satisfied in full, or otherwise not receiving a full return of principal and/or any interest due but unpaid at that time or otherwise payable in the future. Notes are liabilities of Tabcorp itself and Holders will have no right to claim against any other member of the Tabcorp Group. Tabcorp may also incur further liabilities that will rank ahead of Notes without the prior consent of Holders. 	Section 5.1.3

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Topic	Summary	Further information
Interest Payments must be deferred for a period of time in certain circumstances	<ul style="list-style-type: none"> • Tabcorp must defer Interest Payments in certain circumstances. Deferral is likely to have an adverse effect on the market price of Notes. Deferral may also be disadvantageous to Holders from the perspective of the timing of cash flows. • If the Tabcorp Group's financial condition (as reflected by its Interest Cover Ratio and Leverage Ratio) deteriorates, this may increase the expectation that Interest Payments may be deferred, which is likely to have an adverse effect on the market price of Notes. • The market price of Notes may become more volatile than the market prices of other debt securities that are not subject to such interest payment deferral rights. 	Section 5.1.4
Tabcorp may redeem Notes in certain circumstances	<ul style="list-style-type: none"> • Notes may be redeemed by Tabcorp in certain circumstances. • There is a risk that the relevant Redemption Amount may be less than the then current market value of Notes or that the timing of such redemption may not accord with a Holder's individual financial circumstances or tax position. 	Section 5.1.5
Limited right for Holders to request redemption before the Maturity Date	<ul style="list-style-type: none"> • Holders are not able to request redemption of Notes prior to 22 March 2037 (i.e. the Maturity Date) unless a Change of Control Event occurs and Tabcorp does not elect to redeem the Notes. • If an Event of Default occurs and is continuing, the Trustee may (and must in certain circumstances) give notice to Tabcorp that the total Redemption Amount is due and payable. • If none of these events occur, Holders have no right to require Tabcorp to redeem their Notes before 22 March 2037 (i.e. the Maturity Date). • In all other circumstances, Holders can only realise their investment in Notes by a sale on ASX or a private sale. 	Section 5.1.6

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1. Investment overview

Topic	Summary	Further information
No limitation on issuing senior or equal ranking securities	<ul style="list-style-type: none"> There are no restrictions on the amount of securities, guarantees or other liabilities which Tabcorp may issue or incur and which rank (legally or in effect) senior to, or equal with, the rights and claims of Holders in respect of Notes. The issue of senior or equal ranking securities or the incurrence of any such other debt obligations may reduce the amount (if any) recoverable by Holders if Tabcorp is wound up. 	Section 5.1.7
Tabcorp Group structure	<ul style="list-style-type: none"> Tabcorp is the ultimate holding company of the Tabcorp Group. Tabcorp's major assets are generally shares in its various subsidiaries and intercompany receivables and the ability of the members of the Tabcorp Group to pay dividends or make distributions to Tabcorp may materially affect Tabcorp's ability to meet its obligations (including in respect of Notes). 	Section 5.1.8
No minimum subscription	<ul style="list-style-type: none"> Tabcorp intends to raise approximately \$200 million through the issue of Notes under the Offer, with the ability to raise more or less. However, there is no minimum subscription for the Offer and the Offer is not underwritten. If the Offer is not fully subscribed, this may have an adverse impact on the market price and liquidity of Notes. 	Section 5.1.11
Risks related to the market generally	<p><i>Market price</i></p> <ul style="list-style-type: none"> The market price of Notes may fluctuate and trade below the Issue Price due to various factors, including investor perceptions, global economic conditions, interest rates, credit spreads, movements in the market price of Ordinary Shares or senior or subordinated debt, and factors that may affect the Tabcorp Group's financial position and trading results and other factors beyond the control of Tabcorp and its Directors. <p><i>Liquidity</i></p> <ul style="list-style-type: none"> Tabcorp will apply for Notes to be listed on ASX. However, Notes will have no established trading market when issued, and one may never develop. Insufficient liquidity may have an adverse effect on Holders' ability to sell their Notes and the market price of Notes which may trade at a market price below their Issue Price. 	Section 5.2

1.5 Key risks associated with the Tabcorp Group

Topic	Summary	Further information
Regulation and changes to regulatory environment	<p>The activities of the Tabcorp Group are conducted in a highly regulated environment and depend to a significant extent on, amongst other things:</p> <ul style="list-style-type: none"> • the licences granted to the Tabcorp Group and to third parties; and • government policy. <p>Changes in legislation, regulation or government policy may have an adverse impact on the Tabcorp Group. Court decisions concerning the constitutionality or interpretation of such legislation, regulations or government policy may also have an adverse effect on the operational and financial performance of the Tabcorp Group.</p> <p>Any non-renewal of licences currently held by members of the Tabcorp Group, or the issue of additional gambling or wagering licences to third parties, would potentially result in the Tabcorp Group not generating the revenue it currently generates from its licences, which could adversely impact the Tabcorp Group's financial performance and financial position.</p>	Section 5.3.1
Deregulation and issues around 'retail exclusivity'	<p>The development and advancement of technology and the deregulation of wagering advertising laws has contributed to the growth in market share of corporate bookmakers which compete with Tabcorp. These developments have the potential to have an adverse impact on the Tabcorp Group's earnings as the market changes occur.</p> <p>Further, as a result of court challenges to the enforceability of aspects of 'retail exclusivity' – that is, the enforceability of provisions in relevant Victorian and NSW legislation which, among other things, seek to prohibit electronic wagering kiosks other than those installed pursuant to licences granted under the applicable State legislation – there is uncertainty over the enforceability of the Tabcorp Group's 'retail exclusivity' in Victoria and NSW.</p> <p>If 'retail exclusivity' was ultimately found to be unenforceable in whole or in part, this is likely to result in a loss of turnover and revenue from retail business generated from the Tabcorp Group's wagering licences and accordingly an impairment may be required to be recorded against one or more of the Tabcorp Group's wagering licences.</p>	Section 5.3.2

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1. Investment overview

Topic	Summary	Further information
Race field fees	<p>Each State or Territory of Australia (except for the Northern Territory) has implemented race fields arrangements, under which the State or Territory or its racing industry charges wagering operators race fields fees for use of that industry's race fields information (or otherwise charges fees in respect of the operator's race betting operations in that State or Territory).</p> <p>The Tabcorp Group's Victorian business is presently entitled to offset race field fees charged to it against the fees it pays under contractual arrangements with the Victorian racing industry. Once the Victorian Wagering and Betting Licence comes into effect, race field fees will no longer be offset but instead will be treated as an expense of the unincorporated joint venture between the Tabcorp Group and the Victorian racing industry. Members of the Tabcorp Group may also be in a position to claim compensation for some race field fees under other contractual arrangements.</p> <p>It is estimated that the negative profit impact of the race fields fees after offsets and damages obtained will be in the order of \$38 million per annum before tax until August 2012, at which time it is estimated the negative profit impact will increase to approximately \$55 million per annum to the NSW business. The actual impact may be above or below these estimates. These estimates assume the Tabcorp Group will be compensated for damages in relation to race fields fees of approximately \$25 million per annum paid or payable in New South Wales for racing held in New South Wales.</p> <p>In addition, there is uncertainty in the industry as to the legality of race fields fees due to litigation brought by certain third party wagering operators. Changes to race fields fees, including any arising from such litigation, may increase the expenses incurred by the Tabcorp Group or alter the competitive landscape in which the Tabcorp Group operates and therefore impact the Tabcorp Group's financial performance and financial position.</p>	Section 5.3.3
Disciplinary action and cancellation of wagering, gaming and other licences	<p>In certain situations, the licences and authorisations that have been granted to the Tabcorp Group may be suspended, cancelled or terminated.</p> <p>The suspension, cancellation or termination of any of the key licences or authorisations held by a member of the Tabcorp Group would potentially result in a loss of revenue and profit for the Tabcorp Group or could have other negative implications which would adversely affect the Tabcorp Group's financial performance and financial position.</p>	Section 5.3.4

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Topic	Summary	Further information
Compliance risks	Any failure by members of the Tabcorp Group to meet compliance requirements, standards, values and systems may increase the Tabcorp Group's exposure to a compliance failure, potentially leading to the suspension or loss of applicable gambling or wagering licences, in addition to other civil or criminal penalties.	Section 5.3.5
Racing product	The Tabcorp Group's wagering division is reliant on relevant racing industries providing a program of events for the purposes of wagering. A significant decline in the quality or number of horses or greyhounds, or number of events, or the occurrence of an event which adversely impacts on the Australian racing industry or any State or Territory racing industry (e.g. an outbreak of equine influenza), or which otherwise disrupts the scheduled racing program, would have a significant adverse effect on wagering revenue and may have an adverse effect on the operational and financial performance of the Tabcorp Group.	Section 5.3.6
Competition	<p>Gaming and wagering activities compete with other consumer products for consumers' discretionary expenditure.</p> <p>The Tabcorp Group's wagering business currently competes with bookmakers in Victoria and NSW and other interstate and international wagering operators who accept bets over the telephone or internet.</p> <p>The internet and other forms of distribution have allowed new competitors to enter the Tabcorp Group's traditional markets of Victoria and NSW without those competitors being licensed in those States.</p> <p>Competition from the interstate and international operators may extend to the Tabcorp Group's retail wagering network.</p> <p>This change in competition, or a change in consumer spending patterns may have an adverse effect on the operational and financial performance of the Tabcorp Group.</p>	Section 5.3.8

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1. Investment overview

Topic	Summary	Further information
Asset impairment	<p>Impairments of wagering goodwill have been recognised by the Tabcorp Group in previous financial periods and the risk of further impairment continues. Adverse changes in assumptions or outcomes in respect of race fields fees, retail exclusivity, competition or other risk factors listed in Section 5.3, as well as new developments that are not currently apparent, could trigger an impairment and have a negative impact on the reported financial results of the Tabcorp Group.</p> <p>As at 31 December 2011, the Tabcorp Group's balance sheet also included \$47 million of goodwill related to the Victorian Gaming Licence.</p>	Section 5.3.10
Minimum financial performance arrangements under new Victorian joint venture	<p>Pursuant to the arrangements entered into with certain Victorian racing industry entities in connection with the Victorian Wagering and Betting Licence, certain minimum financial performance arrangements will apply in favour of the Victorian racing industry in respect of the financial years ending 30 June 2013, 30 June 2014 and 30 June 2015.</p> <p>If, in respect of FY13 or FY14, or in respect of the aggregate period comprising FY13 to FY15 (inclusive), the amounts received or receivable by the relevant Victorian racing industry entities from the various joint venture and associated arrangements are less than certain specified amounts, a member of the Tabcorp Group may be required to make a payment to a Victorian racing industry entity pursuant to the minimum financial performance arrangements that have been entered into. The adverse operational or financial performance of the joint venture established in connection with the Victorian Wagering and Betting Licence during any of the financial years in respect of which the minimum financial performance arrangements apply may result in a member of the Tabcorp Group being required to make a payment to a Victorian racing industry entity, which may have an adverse effect on the financial position and financial performance of the Tabcorp Group.</p>	Section 5.3.11
Computer system risks	<p>A failure of the computer systems operated by the Tabcorp Group and supporting any of its businesses could result in a significant loss of revenue and profit to the Tabcorp Group and may have an adverse effect on the operational and financial performance of the Tabcorp Group.</p>	Section 5.3.14
Sky Channel arrangements	<p>If the Tabcorp Group is unable to renegotiate any of its key broadcast arrangements or is unable to renegotiate such broadcast arrangements on satisfactory terms, then this may adversely impact the operational and financial performance of the Tabcorp Group's wagering division.</p>	Section 5.3.16

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1.6 Further information about the Offer

Topic	Summary	Further information
When is the Offer Period?	<ul style="list-style-type: none"> The key dates, including details of the Offer Period, are set out on page 2. Further details are included in Section 6. 	Key dates Section 6
Is there a minimum amount to be raised?	<ul style="list-style-type: none"> No. The Offer is to raise \$200 million, with the ability to raise more or less. 	
Is there a minimum application size?	<ul style="list-style-type: none"> Your application must be for a minimum of 50 Notes (\$5,000). If your application is for more than 50 Notes, then you must apply in incremental multiples of 10 Notes (\$1,000). 	Section 6.2
How is the Offer structured and who can apply?	<ul style="list-style-type: none"> The Offer comprises: <ul style="list-style-type: none"> an Institutional Offer to Institutional Investors; a Broker Firm Offer made to Australian resident retail clients of Syndicate Brokers; a Securityholder Offer made to Eligible Securityholders; and General Offer made to members of the general public who are resident in Australia. 	Sections 6.1 and 6.2
Who is an Eligible Securityholder?	<ul style="list-style-type: none"> A registered holder of Ordinary Shares and/or Tabcorp Bonds with a registered address in Australia at 7.00pm on 9 February 2012. 	
How can I apply?	<ul style="list-style-type: none"> Broker Firm Applicants should contact their Syndicate Broker. Securityholder Applicants and General Applicants should complete and submit an electronic or paper copy of the Application Form and pay the application monies either electronically or by cheque or money order. 	Section 6.2
What is the allocation policy?	<ul style="list-style-type: none"> The allocation policy for Broker Firm Applicants will be determined by the relevant Syndicate Broker. Allocations for Securityholder Applicants and General Applicants will be determined by Tabcorp in consultation with the Joint Lead Managers after the Closing Date. In the event of any scale back of allocation, Securityholder Applicants will be entitled to an allocation of Notes in priority to General Applicants. Tabcorp will endeavour to provide Securityholder Applicants with an allocation under the Securityholder Offer of at least 50 Notes. However, Tabcorp does not guarantee any minimum allocation under the Securityholder Offer and the extent of any allocation will ultimately depend on the total level of applications under the Offer. 	Section 6.3

1. Investment overview

Topic	Summary	Further information
What are the tax implications of investing in Notes?	<ul style="list-style-type: none"> A general description of the Australian taxation consequences of investing in Notes is set out in Section 7. That description is in general terms and is not intended to provide specific advice in relation to the circumstances of any particular investor. Accordingly, investors should seek independent advice in relation to their individual tax position. 	Section 7
When will I receive confirmation that my Application has been successful?	<ul style="list-style-type: none"> If you are an Applicant in the Securityholder Offer, General Offer or Broker Firm Offer, you will be able to call the Tabcorp Offer Information Line on 1300 665 661 or +61 2 8280 7418 (for overseas callers), Monday to Friday – 8.30am to 5.30pm (Melbourne time), from 22 March 2012 to confirm your allocation. Applicants under the Broker Firm Offer will also be able to confirm their allocation through the Syndicate Broker from whom they received their allocation. 	Sections 6.2 and 6.3
When will Notes be issued?	<ul style="list-style-type: none"> Tabcorp expects that Notes will be issued on 22 March 2012. 	Key dates
When will Notes begin trading?	<ul style="list-style-type: none"> Tabcorp expects that Notes will begin trading on 23 March 2012 on ASX on a deferred settlement basis. 	Key dates
When will Holding Statements be despatched?	<ul style="list-style-type: none"> Tabcorp expects that Holding Statements will be despatched by 26 March 2012. 	Key dates
Where can I find more information about this Prospectus or the Offer	<ul style="list-style-type: none"> If you have any questions in relation to the Offer, please call the Tabcorp Offer Information Line on 1300 665 661 or +61 2 8280 7418 (for overseas callers), Monday to Friday – 8.30am to 5.30pm (Melbourne time). If you are a Broker Firm Applicant, you should contact your Syndicate Broker. 	Section 6

1.7 Key information about people, interests and benefits

Topic	Summary	Further information
Who are the Tabcorp Directors?	<ul style="list-style-type: none"> • Paula Dwyer (Chairman). • David Attenborough (Managing Director and Chief Executive Officer). • Jane Hemstritch (Non-executive director). • Justin Milne (Non-executive director). • Zygmunt Switkowski (Non-executive director). 	Section 8.1
Who are the proposed Tabcorp Directors?⁶	<ul style="list-style-type: none"> • Steven Gregg (proposed non-executive director). • Elmer Funke Kupper (proposed non-executive director). 	Section 8.2
Who are the senior management team?	<ul style="list-style-type: none"> • David Attenborough (Managing Director and Chief Executive Officer). • Damien Johnston (Chief Financial Officer). • Merryll Dooley (Executive General Manager – Human Resources). • Doug Freeman (Executive General Manager – Strategy and Business Development). • Mohan Jesudason (Managing Director – Gaming and Group Marketing). • Kerry Willcock (Executive General Manager – Corporate, Legal and Regulatory). 	Section 8.3
What significant benefits and interests are payable to Directors and other persons associated with the Offer or Tabcorp?	<ul style="list-style-type: none"> • Directors – Director's fees. • Management – Remuneration. • Advisers and other service providers – fees for services. 	Section 8.4
How will the expenses of the Offer be paid?	<ul style="list-style-type: none"> • The total expenses of the Offer will be paid out of the proceeds of the Offer. 	Section 8.5

⁶ It is intended that each of Steven Gregg and Elmer Funke Kupper will be appointed as a non-executive director of Tabcorp following their receipt of all necessary regulatory approvals.

1.8 What should you do?

Topic	Summary
Read this Prospectus in full	<ul style="list-style-type: none"> • If you are considering applying for Notes under the Offer, this document is important and should be read in its entirety.
Determine if you are eligible to apply	<ul style="list-style-type: none"> • The Offer is being made to: <ul style="list-style-type: none"> • Institutional Investors; • Australian resident retail clients of Syndicate Brokers who are invited to apply under the Broker Firm Offer; • Eligible Securityholders, who may apply under the Securityholder Offer; and • members of the general public who are resident in Australia, who may apply under the General Offer.
Consider and consult	<p>In considering whether to apply for Notes, it is important that you:</p> <ul style="list-style-type: none"> • consider the risk factors set out in Sections 1.4, 1.5 and 5 as well as other information in this Prospectus in light of your particular investment objectives, financial situation and particular needs (including financial and tax issues); and • seek professional investment advice from your financial or other professional adviser before deciding whether to apply for Notes.
Complete and submit your Application Form	<ul style="list-style-type: none"> • The application process varies depending on whether you participate in the Institutional Offer, Broker Firm Offer, Securityholder Offer or General Offer. • See Section 6.2 for more details. • The Offer may close early so if you wish to apply for Notes you are encouraged to consider submitting your Application as soon as possible after the Opening Date.

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2. About Tabcorp Subordinated Notes

2. About Tabcorp Subordinated Notes

2.1 General

Topic	Summary	Further information
2.1.1 What are Notes?	<ul style="list-style-type: none"> Notes are unsecured, subordinated, cumulative notes to be issued by Tabcorp, which will mature on 22 March 2037 unless redeemed before that date. Notes entitle Holders to receive floating rate, cumulative Interest Payments payable quarterly in arrears, subject to deferral. Notes are not convertible into Ordinary Shares or any other securities. 	Clause 1 of the Terms of Issue Section 2.2
2.1.2 What is the Offer?	<ul style="list-style-type: none"> The Offer is for the issue of Notes to raise \$200 million, with the ability to raise more or less. 	Section 6
2.1.3 What am I required to pay?	<ul style="list-style-type: none"> The Issue Price is \$100 per Note. This is also the Face Value. Applications must be for a minimum of 50 Notes (\$5,000). If your application is for more than 50 Notes, then you must apply in incremental multiples of 10 Notes (\$1,000). 	Clause 1.3 of the Terms of Issue Section 6.2
2.1.4 Why is Tabcorp issuing notes of this nature?	<ul style="list-style-type: none"> The proceeds of the Offer will be used for general corporate purposes (including the repayment of existing financial indebtedness). The Offer forms part of Tabcorp's ongoing capital management strategy. Tabcorp expects that Notes will provide an amount of equity credit for quantitative purposes for one rating agency until 22 March 2017. The equity credit classification of an instrument provides an indication of the extent to which a rating agency treats an instrument as equity rather than as debt when evaluating the quantitative aspects of an issuer's corporate credit rating. An equity credit classification is not a credit rating. Tabcorp also expects that Notes will provide some qualitative support to its capital management strategy until redemption, but that support will be minimal. In Tabcorp's financial statements, Notes will be classified as debt. 	
2.1.5 What is the term and maturity of Notes?	<ul style="list-style-type: none"> 25 years (maturing on 22 March 2037), unless redeemed before that date. The circumstances in which Tabcorp may redeem Notes before 22 March 2037 are described in Section 2.4.1. Tabcorp may elect to redeem Notes at its option on the First Call Date or any Interest Payment Date after that date. 	Clauses 3.1, 3.2 and 3.3 of the Terms of Issue

Topic	Summary	Further information
2.1.6 Will Notes be quoted on ASX?	<ul style="list-style-type: none"> Tabcorp will apply for Notes to be quoted on ASX. Notes are expected to trade under ASX code 'TAHHB'. 	Section 6.5.3
2.1.7 Will Notes be rated?	<ul style="list-style-type: none"> No. Notes will not be rated. 	

2.2 Interest Payments

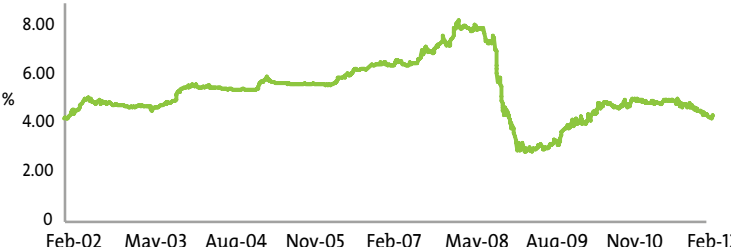
Topic	Summary	Further information						
2.2.1 What are Interest Payments?	<ul style="list-style-type: none"> Interest Payments are floating rate, cumulative interest payments (including a Margin) payable quarterly in arrears, subject to deferral. 	Clause 2.1 of the Terms of Issue						
2.2.2 Will Interest Payments be franked or unfranked?	<ul style="list-style-type: none"> Unfranked. Interest Payments will not have any franking credits attached to them. 	Section 7						
2.2.3 How will the Interest Rate be calculated?	<ul style="list-style-type: none"> The Interest Rate for each Interest Period will be calculated as follows: $\text{Interest Rate} = \text{Bank Bill Rate} + \text{Margin}$ where: Bank Bill Rate means the Bank Bill Rate on the first Business Day of the Interest Period; and Margin means: <ol style="list-style-type: none"> for each Interest Period commencing on a date before the First Call Date, the rate to be determined under the Bookbuild, expected to be in the range of 4.0% to 4.5% per annum (the Initial Margin); and for each Interest Period commencing on or after the First Call Date, the Initial Margin plus 0.25% per annum. As an example, assuming the Bank Bill Rate for the first Interest Period is 4.4% per annum and the Margin is 4.0% per annum: <table border="1" data-bbox="475 1733 1235 1877"> <tbody> <tr> <td>Bank Bill Rate</td> <td>4.4% per annum</td> </tr> <tr> <td>plus Margin</td> <td>4.0% per annum</td> </tr> <tr> <td>Illustrative Interest Rate</td> <td>8.4% per annum</td> </tr> </tbody> </table>	Bank Bill Rate	4.4% per annum	plus Margin	4.0% per annum	Illustrative Interest Rate	8.4% per annum	Clause 2.2 of the Terms of Issue
Bank Bill Rate	4.4% per annum							
plus Margin	4.0% per annum							
Illustrative Interest Rate	8.4% per annum							

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2. About Tabcorp Subordinated Notes

Topic	Summary	Further information	
2.2.4 How will Interest Payments be calculated for each Interest Period?	<ul style="list-style-type: none"> Interest Payments scheduled to be paid on each Interest Payment Date will be calculated using the following formula: $\frac{\text{Interest Rate} \times \\$100 \times N}{365}$ where: Interest Rate means the rate (expressed as a percentage per annum) calculated as set out in Section 2.2.3; and N means the number of days in the Interest Period calculated as set out in the Terms of Issue. Following the example above, if the Interest Rate was 8.4% per annum for the first Interest Period, then the Interest Payment on each Note for the first Interest Period would be calculated as follows: 	Clause 2.3 of the Terms of Issue	
	Illustrative Interest Rate		8.4% per annum
	Multiplied by the Face Value		x \$100.00
	Multiplied by the number of days in the Interest Period		x 91
	Divided by 365		÷ 365
	Illustrative Interest Payment for the first Interest Period per Note		\$2.09
	<ul style="list-style-type: none"> The above example is for illustrative purposes only and does not indicate, guarantee or forecast the actual Interest Payment for the first or any subsequent Interest Period. Actual Interest Payments may be higher or lower than this example. The Interest Rate for the first Interest Period will be set on the Issue Date and will include the Margin to be determined under the Bookbuild. 		

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Topic	Summary	Further information
<p>2.2.5 What is the Bank Bill Rate?</p>	<ul style="list-style-type: none"> The Bank Bill Rate is a benchmark interest rate for the Australian money market commonly used by major Australian financial institutions to lend cash to each other over a three month period. This rate changes to reflect the supply and demand within the cash market. The graph below illustrates the movement in the Bank Bill Rate over the last 10 years. The rate on 10 February 2012 was 4.37% per annum. <p>Bank Bill Rate</p>  <ul style="list-style-type: none"> The above graph is for illustrative purposes only and does not indicate, guarantee or forecast the actual Bank Bill Rate. The actual Bank Bill Rate for the first and any subsequent Interest Periods may be higher or lower than the rates in the above graph. 	<p>Clause 2.2 of the Terms of Issue</p>
<p>2.2.6 How will Interest Payments be paid to Holders?</p>	<ul style="list-style-type: none"> Tabcorp intends to pay Interest Payments to Holders by direct credit into an account denominated in Australian dollars at a financial institution that Holders nominate to the Registry (or may have previously nominated in the case of Tabcorp Securityholders). All Interest Payments will be paid in Australian dollars. To be entitled to Interest Payments, Holders must be recorded as a registered Holder on the relevant record date. 	<p>Clause 7 of the Terms of Issue</p>
<p>2.2.7 When are the Interest Payment Dates?</p>	<ul style="list-style-type: none"> Interest Payments are scheduled to be paid quarterly in arrears on the Interest Payment Dates being each 22 June, 22 September, 22 December and 22 March. If any of these dates are not Business Days, then the Interest Payment Date will occur on the next Business Day. The first Interest Payment Date will be 22 June 2012. 	<p>Clauses 2.1(b) and 12.3 of the Terms of Issue</p>

2. About Tabcorp Subordinated Notes

2.3 Deferral of Interest Payments

Topic	Summary	Further information
2.3.1 Is Tabcorp required to defer Interest Payments in any circumstances?	<ul style="list-style-type: none"> • Yes. Interest Payments must be deferred if, on the eighth Business Day prior to the Interest Payment Date for that Interest Payment, a Deferral Event exists and Tabcorp has solicited from one rating agency, and that rating agency has assigned, a credit rating to Tabcorp's long-term senior unsecured debt. A Deferral Event may occur if there is a material deterioration in the financial profile of the Tabcorp Group that affects its Interest Cover Ratio or Leverage Ratio. • A Deferral Event will commence on and from a Testing Date (Commencing Testing Date) where: <ul style="list-style-type: none"> • the Leverage Ratio in relation to the Commencing Testing Date and the most recent Testing Date before that date is above 3.5 times; or • the Interest Cover Ratio in relation to the Commencing Testing Date is less than 3.0 times, and will continue until the Testing Date (Ending Testing Date) in relation to which: <ul style="list-style-type: none"> • the Leverage Ratio on that date and the most recent Testing Date before it is at or below 3.5 times;⁷ and • the Interest Cover Ratio is at or above 3.0 times. For details on how the ratios are calculated, see Section 4.5. • If Tabcorp's financial profile materially deteriorates such that it risks having an Interest Cover Ratio below 3.0 times, or a Leverage Ratio above 3.5 times, Tabcorp intends to take one or more measures to support these financial ratios and restore its credit profile. These measures may include asset sales, equity issuance, discontinuation of certain businesses, suspension of ordinary dividends, suspension of any share buy-backs and/or changes to Tabcorp's other financial policies. 	Clauses 2.6 and 12.3 of the Terms of Issue

⁷ This requirement will only apply if: (i) at the Commencing Testing Date and the most recent Testing Date before that date the Leverage Ratio was above 3.5 times, or (ii) during the period from (and including) the Commencing Testing Date to (and including) the Ending Testing Date the Leverage Ratio: (A) was above 3.5 times on two or more consecutive Testing Dates, and (B) was not at or below 3.5 times on two or more subsequent consecutive Testing Dates.

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Topic	Summary	Further information
2.3.2 Is Tabcorp required to pay Deferred Interest Payments?	<ul style="list-style-type: none"> • Yes. Tabcorp will be required to pay any and all Deferred Interest Payments upon the earliest of: <ul style="list-style-type: none"> • the next Interest Payment Date on which a Deferral Event no longer exists; • the date which is the fifth anniversary of the Interest Payment Date on which any of the outstanding Interest Payments was initially deferred (i.e. five years after the deferral of any Interest Payment all outstanding Deferred Interest Payments (including those that have not been outstanding for five years) must be paid); • the Maturity Date; • the date on which all Notes are otherwise redeemed; and • the date on which the Trustee serves a notice of Event of Default which results from an order being made for the winding-up of Tabcorp (other than for the purpose of a Solvent Reorganisation of Tabcorp). 	Clauses 2.7 and 12.3 of the Terms of Issue
2.3.3 Are Deferred Interest Payments cumulative?	<ul style="list-style-type: none"> • Yes. Deferred Interest Payments are cumulative and compounding. • Deferred Interest Payments will accrue interest at the prevailing Interest Rate up to but excluding the date of actual payment of that Deferred Interest Payment. This amount will be calculated on a daily basis and compounded quarterly. 	Clause 2.6 of the Terms of Issue

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2. About Tabcorp Subordinated Notes

2.4 Redemption

Topic	Summary	Further information
2.4.1 When can Tabcorp redeem Notes?	<ul style="list-style-type: none"> • Tabcorp may elect to redeem Notes at its option on: <ul style="list-style-type: none"> • 22 March 2017 (i.e. the First Call Date); or • any Interest Payment Date thereafter. • Tabcorp may also elect to redeem Notes at any time if any of the following (summarised below in Section 2.4.6) occur: <ul style="list-style-type: none"> • Change of Control Event; • Tax Event; • Capital Event; or • Clean-up Event. • Tabcorp intends that (unless it believes that its credit profile is substantially the same or better than as at the date of this Prospectus, and subject to other exceptions) any redemption or repurchase of Notes, prior to the Maturity Date, will only occur to the extent that the aggregate Face Value of Notes redeemed or repurchased does not exceed the net proceeds received by Tabcorp from the sale or issue of securities which are assigned by the relevant rating agency at that time of the sale or issue, an equity credit classification that is equal to or greater than the equity credit assigned to Notes on their issue, subject to limited exceptions. 	Clauses 3.2, 3.3 and 12.3 of the Terms of Issue Section 9.5
2.4.2 What will happen on the First Call Date?	<ul style="list-style-type: none"> • Tabcorp may, but is not obliged to, redeem Notes on the First Call Date. • Tabcorp expects that Notes will cease to provide equity credit for quantitative purposes for one rating agency after the First Call Date. Tabcorp also expects that Notes will provide qualitative support to its capital management strategy until redemption but that this support will be minimal. • Tabcorp will consider a broad range of factors when evaluating the role of Notes in its ongoing capital management strategy, including whether to redeem Notes on the First Call Date or at any other time prior to the Maturity Date. Such factors may include the level of equity credit support provided by Notes, if Tabcorp does not elect to redeem the Notes on the First Call Date the Margin will increase by 0.25% per annum, and Tabcorp's financial position, operational performance, funding requirements and access to capital in the financial markets from time to time. 	Clause 3.2 of the Terms of Issue Section 2.1.5

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Topic	Summary	Further information
2.4.3 What will happen on the Maturity Date?	<ul style="list-style-type: none"> Unless previously redeemed, all outstanding Notes are required to be redeemed on 22 March 2037. 	Clause 3.1 of the Terms of Issue
2.4.4 What will I receive on redemption of Notes?	<ul style="list-style-type: none"> On redemption of Notes, Holders will receive the sum of: <ul style="list-style-type: none"> 100% of the Face Value of each Note being redeemed (i.e. \$100 per Note) except, in a redemption before the First Call Date for a Capital Event, Holders will receive 101% of the Face Value of each Note being redeemed (i.e. \$101 per Note); all Deferred Interest Payments in respect of that Note that remain unpaid; and any accrued but unpaid Interest Payment for the Interest Period in which the Redemption Date or Maturity Date falls. <p>The aggregate of those amounts is called the Redemption Amount.</p> Refer to Section 2.5.3 for information on what may be received if an Event of Insolvency occurs. 	Clauses 3.1 and 12.3 of the Terms of Issue
2.4.5 Can I request redemption before the Maturity Date?	<ul style="list-style-type: none"> Holders will have no right to request redemption of Notes prior to the Maturity Date unless a Change of Control Event occurs and Tabcorp does not elect to redeem the Notes. In addition, if an Event of Default occurs and is continuing, the Trustee may, and must in certain circumstances, give notice to Tabcorp that the total Redemption Amount is due and payable. 	Clause 3.4 of the Terms of Issue

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2. About Tabcorp Subordinated Notes

Topic	Summary	Further information
2.4.6 What is a Change of Control Event, Tax Event, Capital Event and Clean-up Event?	<p>A summary of these events, which will give Tabcorp the right to redeem Notes, is as follows:</p> <p>a Change of Control Event will occur, in summary, if a person and its associates come to have a relevant interest (other than a relevant interest pursuant to a conditional arrangement or agreement or understanding) in more than 50% of the voting shares in the capital of Tabcorp. However, a Change of Control Event will not have occurred if the event which would otherwise constitute a Change of Control Event occurs as part of a Solvent Reorganisation;</p> <ul style="list-style-type: none"> • a Capital Event will occur if Notes will no longer be eligible for the same or higher category of equity credit from a rating agency as was initially attributed to Notes at the time of issue, as a result of a change in a rating agency's assessment criteria. Equity credit is explained in Section 2.1.4; • a Tax Event will occur, in summary, if, as a result of a change in law: <ul style="list-style-type: none"> • any Interest Payment is not or will not be deductible by Tabcorp for tax purposes; or • Tabcorp has or will become required to pay an Additional Amount in respect of tax required to be withheld from a payment to a Holder and the Additional Amount is at least 30% (or other percentage which is the corporate tax rate then prevailing in the relevant tax jurisdiction) of the relevant payment; and • a Clean-up Event will occur, in summary, if Tabcorp or any of its related bodies corporate has, individually or in total, purchased (and cancelled) or redeemed Notes equal to or in excess of 80% of the aggregate Face Value of Notes issued on the Issue Date. 	Clause 12.3 of the Terms of Issue
2.4.7 Can Tabcorp buy Notes?	<ul style="list-style-type: none"> • Yes. From the First Call Date, Tabcorp, or any related body corporate of Tabcorp, may purchase Notes in any manner and at any price subject to any applicable laws and Listing Rules. Such acquired Notes may be surrendered for cancellation or held or resold. 	Clause 3.6 of the Terms of Issue

2.5 Security and ranking

Topic	Summary	Further information
2.5.1 Notes are described as 'unsecured'. What does this mean?	<ul style="list-style-type: none"> • Notes are unsecured. This means that the obligations of Tabcorp under the Notes are not secured by a mortgage, charge or other security over any assets of the Tabcorp Group or any other person. • Notes are unsecured notes for the purposes of section 283BH of the Corporations Act. 	Clause 4.1 of the Terms of Issue

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Topic	Summary	Further information																									
<p>2.5.2 Notes are described as 'subordinated'. What does this mean and how will Notes rank in an Event of Insolvency?</p>	<ul style="list-style-type: none"> • Claims by Holders in respect of Notes are subordinated to the claims of all other creditors. • If at any time an Event of Insolvency occurs in relation to Tabcorp, the amount payable to Holders will only be paid after amounts owing to all other creditors of Tabcorp have been paid in full. • There are no restrictions on Tabcorp incurring any debt obligations which rank in priority ahead of, equal with or behind Notes in the future. As at the date of this Prospectus, there are no debt obligations of Tabcorp which rank equal with or behind Notes. If at any time Tabcorp incurred any obligations which were Equal Ranking Obligations or Junior Ranking Obligations, then Notes would rank equally with any such Equal Ranking Obligations and ahead of any such Junior Ranking Obligations. • Given that the claims of Holders in respect of Notes are subordinated as described above, the amount payable to a Holder in respect of a Note may not be the Redemption Amount (described in Section 2.4.4) but a lesser amount determined in the manner described below. • The table below illustrates how Notes would rank upon a liquidation of Tabcorp against Tabcorp's obligations in respect of existing debt instruments, creditors and equity. This is a simplified capital/debt structure and does not specifically identify every type of security issued by Tabcorp or every potential claim against Tabcorp in a liquidation. <table border="1" data-bbox="475 1384 1232 1995"> <thead> <tr> <th data-bbox="475 1384 660 1480">Classification</th> <th data-bbox="660 1384 852 1480">Type</th> <th data-bbox="852 1384 1043 1480">Existing debt instruments and equity</th> <th data-bbox="1043 1384 1232 1480">Amount as at 31 December 2011</th> </tr> </thead> <tbody> <tr> <td data-bbox="475 1480 660 1541">Highest Ranking</td> <td data-bbox="660 1480 852 1541">Secured debt</td> <td data-bbox="852 1480 1043 1541">None</td> <td data-bbox="1043 1480 1232 1541">None</td> </tr> <tr> <td data-bbox="475 1541 660 1693" rowspan="4" style="text-align: center;">  </td> <td data-bbox="660 1541 852 1693">Unsubordinated and unsecured debt</td> <td data-bbox="852 1541 1043 1693">Bank loans, Tabcorp Bonds and medium term notes</td> <td data-bbox="1043 1541 1232 1693">\$975 million</td> </tr> <tr> <td data-bbox="660 1693 852 1787">Other unsubordinated creditors</td> <td data-bbox="852 1693 1043 1787">N/A</td> <td data-bbox="1043 1693 1232 1787">\$884 million</td> </tr> <tr> <td data-bbox="660 1787 852 1939">Subordinated and unsecured debt</td> <td data-bbox="852 1787 1043 1939">Notes</td> <td data-bbox="1043 1787 1232 1939">None</td> </tr> <tr> <td data-bbox="660 1939 852 1995">Equity</td> <td data-bbox="852 1939 1043 1995">Ordinary Shares</td> <td data-bbox="1043 1939 1232 1995">\$1,317 million</td> </tr> <tr> <td data-bbox="475 1939 660 1995">Lowest Ranking</td> <td></td> <td></td> <td></td> </tr> </tbody> </table>	Classification	Type	Existing debt instruments and equity	Amount as at 31 December 2011	Highest Ranking	Secured debt	None	None		Unsubordinated and unsecured debt	Bank loans, Tabcorp Bonds and medium term notes	\$975 million	Other unsubordinated creditors	N/A	\$884 million	Subordinated and unsecured debt	Notes	None	Equity	Ordinary Shares	\$1,317 million	Lowest Ranking				<p>Clauses 4.2 and 9 of the Terms of Issue</p>
Classification	Type	Existing debt instruments and equity	Amount as at 31 December 2011																								
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	Equity	Ordinary Shares	\$1,317 million																								
Lowest Ranking																											

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2. About Tabcorp Subordinated Notes

Topic	Summary	Further information
2.5.3 What will Holders receive in an Event of Insolvency relating to Tabcorp?	<ul style="list-style-type: none"> • Holders will be entitled to be paid the Redemption Amount after all creditors ranking in priority to Holders at the time of the Event of Insolvency of Tabcorp and any debts that receive priority by law have been paid in full. • In the event of a shortfall of funds due to an Event of Insolvency, there is a risk that Holders will not receive the Redemption Amount in full. 	Clause 4.2 of the Terms of Issue

2.6 Other

Topic	Summary	Further information
2.6.1 Can Tabcorp issue further Notes, or other instruments?	<ul style="list-style-type: none"> • There are no restrictions on Tabcorp incurring any debt obligations, whether subordinated or not or ranking in priority ahead of, equal with or behind Notes or upon such terms as to ranking, dividends or interest, conversion, redemption and otherwise as Tabcorp may determine. • Notes do not confer on Holders any right to subscribe for new securities in Tabcorp or to participate in any bonus issues. 	Clause 9 of the Terms of Issue
2.6.2 What voting rights do Notes carry at meetings of holders of Ordinary Shares or Tabcorp Bonds?	<ul style="list-style-type: none"> • None. Holders have no voting rights at meetings of holders of Ordinary Shares or Tabcorp Bonds. 	
2.6.3 What is an Event of Default?	<ul style="list-style-type: none"> • An Event of Default will occur, in summary, if: <ul style="list-style-type: none"> • Tabcorp fails to pay an amount within 30 days after it has become due and payable under Notes; or • an order is made or a resolution is passed by shareholders of Tabcorp for the winding-up of Tabcorp (other than for the purpose of a Solvent Reorganisation). • Deferral of an Interest Payment in accordance with the Terms of Issue will not be an Event of Default. 	Clause 5.1 of the Terms of Issue

Topic	Summary	Further information
2.6.4 What will happen if an 'Event of Default' occurs?	<ul style="list-style-type: none"> • If an Event of Default occurs, the Trustee may notify Tabcorp that the Redemption Amount on the Notes (being \$100 per Note plus any accrued and outstanding Interest Payments and any outstanding Deferred Interest Payments, as further explained in Section 2.4.4) is immediately due and payable and institute proceedings for the winding-up of Tabcorp or prove in the winding-up of Tabcorp or claim in the liquidation of Tabcorp, for the amount payable under the Terms of Issue. • The Trustee's ability to enforce any right or remedy under or in respect of Notes is limited as provided by the Terms of Issue. An Event of Default may also trigger cross-default provisions in Tabcorp's other debt facilities. • Generally only the Trustee (and not a Holder) has the right to enforce any right or remedy under or in respect of Notes. 	Clause 5.2 of the Terms of Issue
2.6.5 Can Tabcorp amend the Terms of Issue?	<ul style="list-style-type: none"> • Yes. Subject to compliance with all applicable laws, Tabcorp may, without the consent of the Holders or the Trustee, amend the Terms of Issue if Tabcorp is of the opinion that such alteration is: <ul style="list-style-type: none"> • of a formal or technical or minor nature; • made to cure any ambiguity or correct any manifest error; • necessary or expedient for the purpose of enabling Notes to be listed on any stock exchange or offered for subscription or sale (and not materially prejudicial to the interests of Holders as a whole); • necessary to comply with any law or the Listing Rules (and not materially prejudicial to the interests of Holders as a whole); or • not, and is not likely to become, taken as a whole and in conjunction with all other amendments to be made contemporaneously with the amendment, materially prejudicial to the interests of Holders as a whole. • Tabcorp may also amend the Terms of Issue if the amendment has been approved by a Holder Resolution or, in certain cases, a Special Resolution. 	Clauses 11.2 and 11.3 of the Terms of Issue
2.6.6 Do Tabcorp's obligations in respect of Tabcorp Bonds affect Notes?	<ul style="list-style-type: none"> • There is no relationship between the obligations of Tabcorp under the Notes and under Tabcorp Bonds. However, if Tabcorp became subject to an Event of Insolvency, Holders would only be entitled to be paid the Redemption Amount after all creditors ranking in priority to Holders (which would include holders of Tabcorp Bonds) had been paid in full. 	

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3. About Tabcorp

3. About Tabcorp

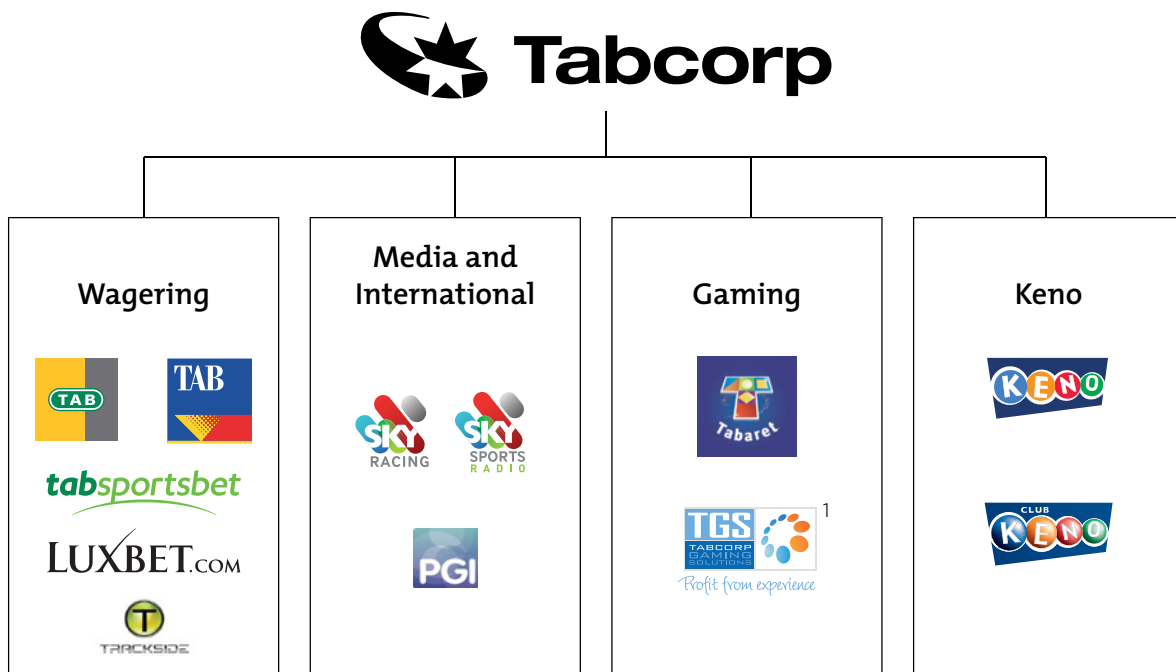
3.1 Tabcorp's business overview

Tabcorp is one of Australia's leading wagering, gaming and entertainment groups and one of Australia's top 100 ASX listed companies by market capitalisation.

In the financial year ended 30 June 2011, the Tabcorp Group generated operating revenue of \$2,948 million, EBITDA of \$686 million and EBIT before impairment of \$562 million. Post mid-August 2012, the business structure, financial profile and financial position of the Tabcorp Group will change due to, among other things, the expiry of the current Victorian Wagering Licence, the commencement of the Victorian Wagering and Betting Licence, the expiry of the Victorian Gaming Licence and a change in the regulatory regime in relation to the operation of EGMs in Victoria. Additional financial information regarding the nature and impact of these changes is set out in Section 4.

The Tabcorp Group operates wagering, media and international, gaming and Keno businesses.

Tabcorp Group businesses



Note:

1 It is expected that Tabcorp's TGS business will commence in or about August 2012.



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3.2 Description of the Tabcorp Group's businesses

Wagering	Media and International	Gaming	Keno
<ul style="list-style-type: none"> • Totalizator and fixed odds wagering based in Victoria and NSW under the TAB and TAB Sportsbet brands • Fixed odds betting based in the Northern Territory under the Luxbet brand • Operates Trackside, a computer simulated racing product, in Victoria and NSW, and licenses the product overseas • 2,700 outlets (approx.) • 300,000 wagering accounts (approx.) 	<ul style="list-style-type: none"> • Broadcasts thoroughbred, harness and greyhound racing on three subscription channels plus digital media • 5,300 outlets (approx.) • Operates Sky Sports Radio • Export of Australian racing to around 30 countries daily • Wagering and pooling services in the Isle of Man via Premier Gateway International incorporated joint venture 	<ul style="list-style-type: none"> • Owns and operates EGMs under the Tabaret brand in Victoria until mid-August 2012 • 260 venues (approx.)⁸ • From mid-August 2012, TGS is scheduled to commence operations, providing full EGM supply and service and maintenance support 	<ul style="list-style-type: none"> • Operates Keno in NSW, Queensland and Victoria • 2,880 outlets (approx.)



⁸ The Victorian Gaming Licence expires in August 2012. Following the expiry of the Victorian Gaming Licence, Tabcorp will no longer be licensed to conduct, and will therefore cease to operate, its current gaming business.

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3. About Tabcorp

3.3 Key licences

Wagering division	Year of licence expiry
Victorian Wagering Licence	2012
NSW Wagering Licences	2097
NT Sports Bookmaker Licence	2015
New licence	
Victorian Wagering and Betting Licence	2024

Gaming division	Year of licence expiry
Victorian Gaming Licence	2012

Keno division	Year of licence expiry
NSW Keno Licence	2022
Queensland Keno Licence	2022
New licence	
Victorian Keno Licence	2022

The Tabcorp Group's wagering and gaming operations in Victoria are currently carried out under two licences (the Victorian Wagering Licence and the Victorian Gaming Licence), which are due to expire on 15 August 2012. There is also an authorisation to conduct Club Keno under the Victorian Gaming Licence, which is due to expire in April 2012.

In March 2011, the Victorian Government issued the Victorian Keno Licence to a member of the Tabcorp Group. The licence authorises the licensee to operate Keno in Victoria from April 2012. The licence expires in 2022.

In December 2011, the Victorian Government issued the Victorian Wagering and Betting Licence to a member of the Tabcorp Group. The Victorian Wagering and Betting Licence authorises the licensee to offer on-course and off-course wagering and betting on thoroughbred, harness and greyhound racing and approved sporting and other events from August 2012. The licence also allows for the offering of approved simulated racing games and the operation of a betting exchange.

Upon the expiry of the Victorian Gaming Licence in August 2012, Victorian gaming operator licences will no longer be held by the two current operators – Tabcorp and Tatts Group Limited. Instead, licensed club and hotel venue operators will own and/or operate EGMs, and conduct gaming in Victoria. Tabcorp has responded to this new industry structure by introducing an EGM supply, and specialised consulting and support service for the new operators of EGMs – TGS. See Section 3.8 for further information on TGS.

In addition to the Victorian Keno Licence, the Victorian Wagering and Betting Licence and TGS, the Tabcorp Group operates significant businesses. In particular, members of the Tabcorp Group:

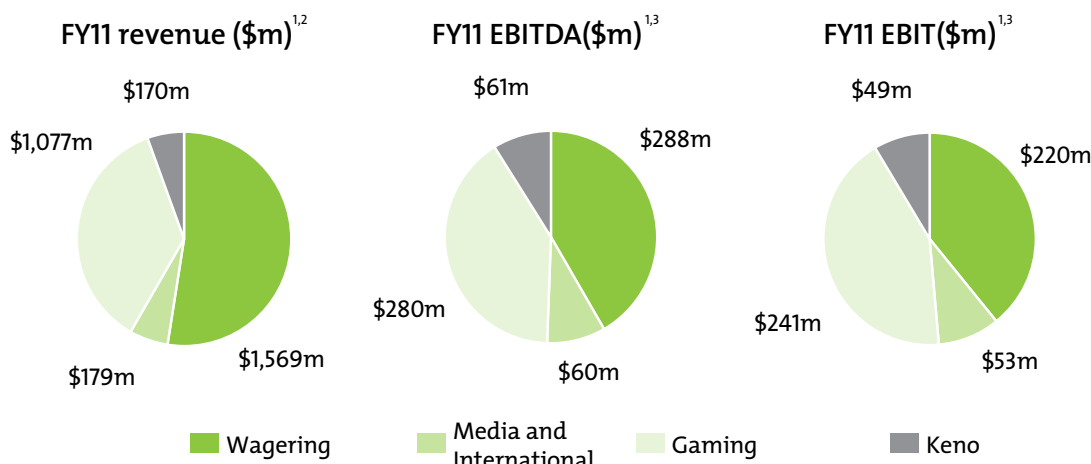
- hold the long term NSW Wagering Licences;
- hold Keno licences in New South Wales and Queensland;
- operate in Australia through the TAB, TAB Sportsbet and Luxbet brands; and
- operate Sky Racing and Sky Sports Radio.

As a consequence, the Tabcorp Group is diversified across multiple products and locations, and, despite the imposition of new fees (e.g. race fields) and increased competition, generates attractive and resilient cash flows.

3.4 Recent financial performance

Financial year ended 30 June 2011

In FY11, the Tabcorp Group's wagering, media and international, gaming and Keno businesses generated revenue of \$2,948 million, EBITDA of \$686 million and EBIT before impairment of \$562 million.



Note:

- The Victorian Wagering Licence and the Victorian Gaming Licence contributed \$1,689 million of revenue, \$411 million of EBITDA and \$345 million EBIT in FY11. The Victorian Wagering Licence and the Victorian Gaming Licence expire in August 2012 and the authorisation to conduct Victorian Club Keno pursuant to the Victorian Gaming Licence expires in April 2012. Consequently, the earnings generated from these licences will cease at those times. In March 2011, the Victorian Government issued the Victorian Keno Licence (to operate from April 2012) to a member of the Tabcorp Group and in December 2011, the Victorian Government issued the Victorian Wagering and Betting Licence (to operate from mid-August 2012) to a member of the Tabcorp Group.
- Revenues do not aggregate to the Tabcorp Group total due to intercompany elimination.
- EBITDA and EBIT do not aggregate to the Tabcorp Group total due to rounding.

Half year ended 31 December 2011

The Tabcorp Group's wagering, media and international, gaming and Keno businesses have continued to experience revenue growth in the first half of FY12, with revenues up 2.8% in the half year ended 31 December 2011 compared to the previous corresponding period. Wagering revenue growth was predominantly driven by Trackside and fixed odds, with the Tabcorp Group well positioned to capture the market trend towards fixed odds betting (which attracts lower tax rates and fees than totalizator betting). Victorian gaming revenues grew 1.0% and expenses declined 6.7% as Tabcorp manages the transition to the expiry of the Victorian Gaming Licence. The Tabcorp Group's media and international business benefited from increased subscriptions, however this was partly offset by higher costs as a result of new broadcast arrangements in Queensland. Keno recorded strong revenue growth in the first half of FY12, and the business is benefiting from the expansion of distribution and the roll out of self service technology in NSW and Queensland.

The table below contains summary consolidated historical financial information derived from Tabcorp's reviewed half year accounts for the period 1 July 2011 to 31 December 2011.

Half year ended 31 Dec 2011	Revenue		EBITDA	
	\$m	Change on pcp ¹	\$m	Change on pcp ¹
Wagering	849.4	2.8%	169.3	7.4%
Media and International	94.5	5.7%	32.5	8.3%
Gaming	562.0	1.0%	148.4	3.5%
Keno	92.4	10.3%	32.9	12.7%
Total²	1,573.5	2.8%	383.1	6.4%

Note:

- Previous corresponding period.
- Revenues do not aggregate to Tabcorp Group total due to intercompany eliminations.



3.5 Business strategy

The strategic priorities of Tabcorp are as follows:

Wagering	Build on strength in retail	<ul style="list-style-type: none"> Expand footprint with new formats (e.g. kiosks) Deliver a full suite of products Lead with world-class self-service technology Expand Trackside product in NSW
	Drive fixed odds expansion	<ul style="list-style-type: none"> Expand fixed odds offering
	Drive online	<ul style="list-style-type: none"> Develop leading online presence
	Seek to improve regulatory conditions	<ul style="list-style-type: none"> Pursue levelling of the competitive playing field (e.g. in products, taxes, fees)
Media and International	Promote loyalty program	<ul style="list-style-type: none"> Grow 'No.1 Club' – leading customer loyalty program in Australian Wagering
	Enhance Australian racing exposure and expand internationally	<ul style="list-style-type: none"> Enhance Australian racing exposure to customers Expand international pooling Drive export of Australian racing through Sky Racing, import international product
Gaming	Develop TGS	<ul style="list-style-type: none"> Transition from a change in the regulatory regime that relates to the operation of EGMs in Victoria Enhance gaming earnings in Victoria to August 2012 Expand TGS in Victoria and establish interstate
Keno	Grow Keno	<ul style="list-style-type: none"> Expand distribution Expand self-service



3.6 Wagering

The wagering division operates totalizator and fixed odds wagering businesses under licences and approvals in Victoria and New South Wales through retail, phone, online and other channels under the TAB Sportsbet and TAB brands. In addition, the wagering division operates a national online racing and sports bookmaker business based in the Northern Territory under the Luxbet brand. Wagers are sold to customers:

- in Victoria through a TAB branded retail network of approximately 630 agencies and licensed venues (including in cash and via self-service EasyBet Terminals (**EBTs**));
- in New South Wales through a TAB branded retail network of approximately 2,020 agencies and licensed venues (including in cash and via EBTs);
- via telephone betting accounts, through Tabcorp's call centre, and interactively through touch tone and speech recognition systems;
- via the internet through on-line betting systems and mobile devices, with more than 400,000 application downloads across iPhone, iPad and Android devices;
- via pay TV through the TAB Active interactive wagering service; and
- at Victorian and New South Wales race tracks through on-course totalizators.

Off-course retail wagering is the principal form of wagering in Victoria and New South Wales, representing approximately 64% of the revenue of the Victorian and New South Wales wagering businesses. The wagering businesses currently compete with bookmakers in Victoria and New South Wales and other interstate and international wagering operators who accept wagers over the telephone or internet (such as corporate bookmakers based in the Northern Territory) as well as betting exchanges. The NSW and Victorian TAB businesses also have arrangements in place with Australia Post outlets across Australia for new customer ID verification for account opening, and account deposits and withdrawals.

3. About Tabcorp

3.6.1 TAB Victoria

Pursuant to the Victorian Wagering Licence and the Gambling Regulation Act, in Victoria the Tabcorp Group conducts:

- off-course totalizator and fixed odds betting on thoroughbred, harness and greyhound racing in Australia and selected international events;
- on-course totalizator and fixed odds betting on thoroughbred, harness and greyhound racing in Victoria;
- totalizator and fixed odds betting on approved sporting events (e.g. AFL matches) and fixed odds betting on approved non-sporting events (e.g. elections) in Australia and selected international events;
- the Trackside product in approximately 630 Victorian retail agencies and hotels; and
- the co-mingling of wagering pools with various domestic and international operators.

TAB Victoria turnover for FY11 was approximately \$4.7 billion.

TAB Victoria deploys advanced retail technology and is the leading operator of self-service retail technology, with approximately 44.3% of retail turnover in Victoria generated through EBTs.

Current licences and arrangements with the Victorian racing industry

Certain members of the Tabcorp Group are party to arrangements with certain Victorian racing industry entities in relation to the activities carried out pursuant to the Victorian Wagering Licence and the Victorian Gaming Licence. The arrangements include a joint venture agreement and product supply and racing program agreements. These agreements will terminate on the expiry of the Victorian Wagering Licence and the Victorian Gaming Licence in August 2012.

New Victorian Wagering and Betting Licence and arrangements with the Victorian racing industry

In December 2011, the Victorian Government issued the Victorian Wagering and Betting Licence to a subsidiary of Tabcorp for a licence fee of \$410 million. The licence will commence in August 2012 and continue for 12 years (unless cancelled or suspended).⁹ The fee for the licence was paid to the Victorian Government in January 2012.

The new Victorian Wagering and Betting Licence will allow the Tabcorp Group to conduct the same activities that it currently conducts pursuant to the Victorian Wagering Licence and the Gambling Regulation Act and will also permit the operation of a betting exchange.

Similar to the current position, members of the Tabcorp Group have entered into arrangements with certain Victorian racing industry entities in connection with the grant of the new Victorian Wagering and Betting Licence. The arrangements include the establishment of an unincorporated joint venture which will terminate on the expiry of the Victorian Wagering and Betting Licence and racing information and racing program agreements.

The key financial differences between the terms applicable under the current Victorian Wagering Licence and the associated arrangements with certain Victorian racing industry entities and the new Victorian Wagering and Betting Licence and the associated arrangements with the Victorian racing industry entities are summarised in broad terms in the table below.

⁹ At the discretion of the responsible Minister, the licence may be extended for a further period of up to two years.

	Current Victorian Wagering Licence and key financial arrangements with the Victorian racing industry ¹⁰ (expiring August 2012)	New Victorian Wagering and Betting Licence and key financial arrangements with the Victorian racing industry ¹⁰ (from August 2012)
Joint Venture (JV) participating share	<ul style="list-style-type: none"> • 75% Tabcorp Group. • 25% Victorian racing industry . • Gaming revenues and expenses in relation to the activities pursuant to the Victorian Gaming Licence included as part of the JV. 	<ul style="list-style-type: none"> • 50% Tabcorp Group. • 50% Victorian racing industry. • Gaming revenues and expenses no longer part of the JV.
Tax rates under the Gambling Regulation Act (including GST) as at the date of this Prospectus	<ul style="list-style-type: none"> • Pari-mutuel (on thoroughbred, harness and greyhound racing): 28.20% of revenue. • Fixed odds: 20.00% of revenue. • Trackside: 20.00% of revenue. 	<ul style="list-style-type: none"> • Pari-mutuel (on thoroughbred, harness and greyhound racing): 16.69% of revenue. • Fixed odds: 13.47% of revenue. • Simulated racing events (Trackside): 20.00% of revenue.
Victorian product fees / race fields fees	<ul style="list-style-type: none"> • Pari-mutuel: 18.8% of pari-mutuel revenue on all thoroughbred, harness and greyhound racing. • Fixed odds (racing): 1.0% of turnover on all thoroughbred harness and greyhound racing. • Fixed odds (sports): nil. • Trackside: nil. 	<ul style="list-style-type: none"> • In effect, 15.0% of all: <ul style="list-style-type: none"> • pari-mutuel revenue; • fixed odds revenue; • simulated racing events (e.g. Trackside) revenue; and • betting exchange commissions.
Program fee	<ul style="list-style-type: none"> • \$50 million per financial year, subject to indexation to the growth in pari-mutuel revenue on thoroughbred, harness and greyhound racing. The minimum fee is \$50 million per financial year. With indexation, this fee was approximately \$83 million in FY11. 	<ul style="list-style-type: none"> • \$72.6 million per financial year, subject to indexation to the growth in pari-mutuel, fixed odds and simulated racing event revenue and betting exchange commissions. The minimum fee is \$72.6 million per financial year.
Interstate and international race fields fees	<ul style="list-style-type: none"> • Race fields fees on interstate (i.e. non-Victorian) and international racing product are offset and thereby effectively borne by Victorian racing industry, not the JV. 	<ul style="list-style-type: none"> • JV will bear race fields fees on interstate (i.e. non-Victorian) and international racing product.

¹⁰ References to the *Victorian racing industry* are references to certain representative entities or controlling bodies of the Victorian racing industry.

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	Current Victorian Wagering Licence and key financial arrangements with the Victorian racing industry ¹⁰ (expiring August 2012)	New Victorian Wagering and Betting Licence and key financial arrangements with the Victorian racing industry ¹⁰ (from August 2012)
Victorian racing industry benefit	<ul style="list-style-type: none"> • None – concept not applicable to Victorian Wagering Licence. 	<ul style="list-style-type: none"> • As a result of changes to the tax rates applicable to the Victorian Wagering and Betting Licence, the Victorian racing industry is to receive 11.51% of pari-mutuel revenue on thoroughbred, harness and greyhound racing, which is to be borne by the JV. The basis of the calculation may change if the basis of calculating pari-mutuel tax under the Gambling Regulation Act on thoroughbred, harness and greyhound racing revenue changes (e.g. the pari-mutuel tax rate changes) and the relevant Minister determines the change is to be taken into account in determining the amount to be paid to the Victorian racing industry.
Minimum financial performance arrangements	<ul style="list-style-type: none"> • None. 	<ul style="list-style-type: none"> • Minimum aggregate amounts, as set out below, to be received by the Victorian racing industry (from the various JV and associated arrangements) in respect of financial years FY13 and FY14, and in respect of the aggregate period FY13 to FY15 (inclusive), with the Tabcorp Group to pay any shortfall: <ul style="list-style-type: none"> • \$337 million in FY13; • \$342 million in FY14; and • a total of \$1 billion (including the amounts set out above) in respect of the financial years FY13 to FY15 (inclusive). • These minimum aggregate amounts are subject to certain exceptions.

Section 4.3 includes certain consolidated historical financial information for Tabcorp that has been adjusted to (among other things) reflect the indicative impact of the expiry of the current Victorian Wagering Licence and associated arrangements with the Victorian racing industry on 15 August 2012 and the commencement of the new Victorian Wagering and Betting Licence and associated arrangements with the Victorian racing industry on 16 August 2012.

¹⁰ References to the *Victorian racing industry* are references to certain representative entities or controlling bodies of the Victorian racing industry.

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3.6.2 TAB NSW

Pursuant to the NSW Wagering Licences, Tab conducts:

- off-course totalizator and fixed odds betting on thoroughbred, harness and greyhound racing in Australia and on selected international events;
- on-course totalizator and fixed odds betting on thoroughbred, harness and greyhound racing in New South Wales and, in addition, provides totalizator-related services to a limited number of Queensland racing clubs;
- totalizator and fixed odds betting on approved sporting events (e.g. NRL matches) and fixed odds betting on approved non-sporting events (e.g. reality TV shows) in Australia and selected international events; and
- the Trackside product in approximately 1,800 NSW retail agencies and licensed venues.

Tab's turnover for FY11 was \$5.6 billion. A comprehensive suite of betting products and options is available through totalizator and fixed odds betting. Retail turnover in NSW through self-service EBTs is approximately 19.2% of total retail turnover, and is growing rapidly.

Tab's NSW Off-Course Totalizator Licence is exclusive until 22 June 2013. The NSW Wagering Licences expire on 6 March 2007.

3.6.3 Fixed odds (TAB Fixed Odds and Luxbet)

Fixed odds betting on sports, racing and non-sporting events and contingencies under the Tabcorp Group's Victorian, New South Wales and Northern Territory wagering licences and approvals generated \$242 million of revenue in FY11. Fixed odds is the fastest growing segment of the wagering market and the Tabcorp Group has significantly increased its share of turnover. The Tabcorp Group participates in fixed odds across sports, racing and non-sporting events and contingencies through its brands TAB Sportsbet and Luxbet and fixed odds products (including Luxbet's tote odds products) now comprise approximately 22.6% of the Tabcorp Group's total wagering turnover, up from approximately 10.7% in FY07.

TAB Sportsbet revenue has doubled in the last two years driven primarily by fixed odds racing. Fixed odds sports betting continues to grow due to a combination of increased product, increased live betting and expansion of the multi product.

Luxbet Pty Ltd (**Luxbet**), a wholly owned subsidiary of Tabcorp, was granted a licence in September 2008 to conduct business as a racing and sports bookmaker in the Northern Territory. The licence expires on 30 June 2015. Luxbet offers online fixed odds betting and tote odds betting on racing, and a comprehensive suite of licensed fixed odds sporting and non-sporting event offerings. Luxbet's service is conducted through internet and telephone betting.

3.6.4 Trackside

Trackside is a computer simulated racing product which complements the Tabcorp Group's traditional wagering product offering. Trackside produced turnover of \$274 million in FY11. The Tabcorp Group obtained NSW Government approvals to operate Trackside in New South Wales effective from 31 December 2010 and commenced the roll-out of the Trackside product into New South Wales on 10 January 2011. A member of the Tabcorp Group is required to pay \$75 million on 1 July 2012, which is the second and final instalment under agreements with Racing NSW and the NSW Government related to the approval of Trackside in NSW. As at 31 December 2011, Trackside has been rolled out into approximately 1,800 venues in New South Wales.

The Tabcorp Group also licences Trackside in a number of overseas jurisdictions.

3.7 Media and International

Sky Channel, a wholly-owned subsidiary of Tabcorp, broadcasts three channels to pay TV subscribers in approximately 2.35 million homes across Australia. Sky Racing broadcasts thoroughbred, harness and greyhound racing to approximately 5,300 commercial outlets, such as hotels, clubs and TAB outlets, across Australia. The three Sky Racing channels (Sky Racing1, Sky Racing2 and Sky Racing World) provide coverage



of over 82,000 races per year.

Sky Sports Radio is one of the leading radio broadcasters of racing in Australia with a commercial station in Sydney and an extensive narrowcast network throughout New South Wales. Sky Sports Radio has been broadcasting for more than 80 years in the Sydney region with transmissions incorporating the three codes of racing (thoroughbred, harness and greyhound). A comprehensive TAB betting information service complements live broadcasts.

The Tabcorp Group also has an advertising and sponsorship arrangement with Radio Sport National, a radio station in Victoria, through which the Tabcorp Group's Victorian wagering business' odds, editorial and advertising are broadcast.

Sky Racing's International division manages the export of Australian racing to around 30 countries on a daily basis including vision, form guides and wagering data. The biggest export markets are New Zealand, Singapore, the United Kingdom, the United States and Sri Lanka.

By the operation of reciprocal arrangements, Sky Racing's International division is also responsible for all imported racing content and co-mingling of wagering pools with various international operators which at this stage include New Zealand, South Africa, Singapore and Premier Gateway International in the Isle of Man.

In April 2011, Tabcorp announced that a subsidiary of Tabcorp had entered into an incorporated joint venture with Phumelela Gold Enterprises, a South African joint venture between Phumelela Gaming and Leisure Limited and Gold Circle (Pty) Limited. The joint venture company, Premier Gateway International Limited, provides international wagering and pooling services from the Isle of Man.

3.8 Gaming

The Tabcorp Group's gaming business primarily consists of the activities conducted in Victoria under the Victorian Gaming Licence which expires in August 2012. The Victorian Gaming Licence authorises the Tabcorp Group (as one of two authorised licensed participants) to operate EGMs in licensed clubs and hotels in Victoria.

The other Victorian gaming licence is held by Tatts Group Limited. The proprietor of Crown Casino is separately licensed to conduct gaming and operate EGMs at that venue. The Tabcorp Group owns the Tabaret brand under which it operates its EGMs in Victoria.



The Tabcorp Group operates approximately 13,300 EGMs across approximately 130 licensed hotels and approximately 130 licensed clubs constituting an average market share of 53.7% for the half year ended 31 December 2011.

Until the expiry of the Victorian Gaming Licence in August 2012, the Tabcorp Group will focus on optimising Victorian gaming operations by managing EGM deployment, reducing capital expenditure, controlling operating expenditure growth and continuing to focus on maximising market share.

Upon the expiry of the Victorian Gaming Licence in August 2012 gaming operator licences will no longer be held by the two current operators. Instead, licensed club and hotel venue operators will own and/or operate EGMs, and conduct gaming in Victoria.

The Tabcorp Group has responded by introducing a supply and specialised consulting and support service for the new operators of EGMs – TGS. TGS will supply EGMs and provide servicing support, commercial assistance, business development, marketing advice and training to commercial users of EGMs in Victoria. TGS is currently contracted in respect of over 8,000 EGMs in Victoria. Approximately 70% of the signed EGMs are contracted for a 10 year term, with no termination option. Approximately 30% of signed EGMs have a 10 year term, with a 30 day termination option at the election of the customer at year 5, requiring 12 months notice (effectively a 6 year contract). \$15 million has been committed to loan to TGS customers to assist them in paying the Victorian Government for the first two instalments on their gaming machine entitlements. The loans are to be repaid through daily fees paid to TGS. A further \$39 million has been loaned to certain key TGS clients to facilitate business expansion. TGS is in the process of obtaining necessary approvals for its post August 2012 operations.

Section 4.4 sets out a forecast of TGS's earnings for the 12 months commencing 16 August 2012 (and the assumptions that have been adopted in preparing, and the risk factors associated with, that forecast).

3.9 Keno

Tabcorp operates Keno in Victoria, New South Wales and Queensland. The Keno business has expanded successfully in NSW and Queensland. Revenue from Keno in FY11 was \$170 million across approximately 2,880 outlets.

The Tabcorp Group's Club Keno business currently operates in Victoria under the Victorian Gaming Licence through a joint venture with Tatts Group Limited, with the authorisation to conduct Club Keno under the Victorian Gaming Licence due to expire in April 2012. The Victorian Government undertook a licensing process for the grant of a Victorian Keno Licence and, on 25 March 2011, issued the Victorian Keno Licence to

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a subsidiary of Tabcorp. The Victorian Keno Licence is for a period of 10 years, and will operate from April 2012. The new Victorian Keno Licence authorises the licensee to conduct and distribute approved Keno games (which may include simulated racing games) in certain hotels, clubs and wagering outlets in Victoria.

3.10 Recent operational performance

Recent operational achievements include:

Wagering

- Strong growth in areas of investment (fixed odds, sportsbetting, online and Luxbet).
- Roll-out of Trackside in NSW retail outlets.
- Retail refurbishments and expansion of self-service.

Gaming

- Managing the transition for the end of the Victorian Gaming Licence.
- Securing a base of over 8,000 EGMs for TGS.

Media/International

- Additional Sky Racing channels.
- Digital vision upgrade is well advanced.
- Recently concluded Media Rights Agreements with Racing Queensland, Harness Racing NSW, Greyhound Racing Victoria, WA Thoroughbreds, Darwin Turf Club and Thoroughbred Racing South Australia.

Keno

- Distribution expansion.
- New Keno technology – self service terminal rollout in New South Wales and set for rollout in Victoria.

3.11 Entitlement to payment in relation to the Victorian Gaming Licence and the Victorian Wagering Licence

The former Victorian Government considered that its decision to move to a new industry structure for gambling in Victoria from 2012 represented an entirely new regulatory model for the operation of wagering, gaming and Keno in Victoria after the expiration of the Victorian Gaming Licence and the Victorian Wagering Licence in 2012.

In announcing the move to a new industry structure in 2008, the former Victorian Government stated that it had formed the view that Tabcorp is not entitled to 'compensation' under the Gambling Regulation Act.

The reference to 'compensation' refers to a payment to Tabcorp under section 4.3.12 of the Gambling Regulation Act.

Tabcorp believes that it is entitled to receive a payment (which Tabcorp estimates will be \$686.78 million). Tabcorp intends to pursue all of its rights and take all appropriate action in respect of the payment.

If Tabcorp is unsuccessful in recovery of the payment, there will be no negative financial effect on Tabcorp's financial statements, other than arising from the payment of legal costs (which may be significant) in relation to pursuing the claim.

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4. Financial information

4. Financial information

4.1 Introduction

This Section contains a summary of consolidated historical financial information, forecast financial information relating to the TGS business and consolidated pro-forma historical financial information for Tabcorp.

Tabcorp's consolidated historical financial information:

- includes the results of the Victorian Gaming Licence which expires on 15 August 2012;
- includes the results of Tabcorp's current Victorian Wagering Licence and associated arrangements with the Victorian racing industry which expire on 15 August 2012 and does not reflect the terms of the new Victorian Wagering and Betting Licence and associated arrangements with the Victorian racing industry which commence on 16 August 2012;
- does not reflect that a new regulatory regime in relation to the operation of EGMs in Victoria will take effect from 16 August 2012 and that, as a consequence of this, Tabcorp has established a new business known as TGS; and
- discloses Echo Entertainment Group Limited as a discontinued operation. When an operation is classified as a discontinued operation, the comparative income statement is re-presented as if the operation had been discontinued from the start of the comparative period. Tabcorp's FY11 annual report re-presents the FY10 income statement to disclose Echo Entertainment Group Limited as a discontinued operation.

In addition to the pro-forma adjustment to reflect funds raised from this Offer and other material cash movements, pro-forma adjustments have also been made to the consolidated historical income statements, cash flow statements and balance sheet to acknowledge the material changes in the Tabcorp Group's business described above.

The consolidated pro-forma historical income statements, consolidated pro-forma historical cash flow statements and the consolidated pro-forma historical balance sheet have been prepared for illustrative purposes, to assist investors in understanding the impact of the significant changes referred to above and the other matters set out in Section 4.3 on the Tabcorp Group's business and the financial position and financial performance of the Tabcorp Group. By its nature, pro-forma financial information is only illustrative of the types of impacts which a particular set of assumed transactions can have on underlying financial information. Consequently, the consolidated pro-forma historical income statements and the consolidated pro-forma historical cash flow statements do not purport to reflect the actual financial performance for the relevant period or the likely financial performance for any other period and the consolidated pro-forma historical balance sheet does not purport to reflect the actual financial position of Tabcorp at the relevant time or the likely financial position at any future time.

Pro-forma adjustments for net financing costs and tax have not been made to the Tabcorp consolidated pro-forma income statement for the year ended 30 June 2011, consolidated pro-forma statement of cash flows for the year ended 30 June 2011 and consolidated pro-forma statement of cash flows for the half year ended 31 December 2011 because the financing arrangements and tax structure under which Tabcorp operated during the periods presented do not reflect the anticipated financing arrangements and tax structure of Tabcorp going forward.

The financial information in this Section 4 is presented in an abbreviated form and does not contain all the disclosures that are usually provided in an annual financial report prepared in accordance with the Corporations Act. This Section should be read in conjunction with the risk factors as set out in Section 5, when considering the financial information.

Investors should note that past performance is not a reliable indicator of future performance.

4.2 Consolidated historical financial information

This Section 4.2 contains a summary of the consolidated historical financial information for Tabcorp that has been extracted or derived from audited consolidated financial statements for the years ended 30 June 2010 and 30 June 2011 and the reviewed consolidated financial statements for the half year ended 31 December 2011. The financial information presented has, except as otherwise noted, been prepared in accordance with the measurement and recognition requirements, but not the disclosure requirements,

of the Australian Accounting Standards and other mandatory reporting requirements in Australia. The historical financial information does not include the pro-forma adjustments.

Additional financial information is available at the Investor Centre on Tabcorp's website: www.tabcorp.com.au (although none of that information is incorporated by reference into this Prospectus).

4.2.1 Consolidated historical income statement

Set out below is a summary of Tabcorp's consolidated historical income statement for the financial years ended 30 June 2010 and 30 June 2011 and the half year ended 31 December 2011.

\$m	Year ended 30 June 2010	Year ended 30 June 2011	Half year ended 31 December 2011
Revenue	2,866	2,948	1,574
Government taxes & levies	(876)	(888)	(464)
Commissions and fees	(953)	(978)	(521)
Net operating expenses	(388)	(396)	(206)
EBITDA, excluding significant items	649	686	383
Depreciation & amortisation	(115)	(124)	(66)
EBIT, excluding significant items	534	562	317
Net interest expense	(147)	(134)	(43)
Income tax expense	(112)	(127)	(85)
NPAT, excluding significant items	275	301	189
Significant items ¹	194	233	-
Net profit attributable to Tabcorp shareholders	469	534	189

Note:

- 1 The year ended 30 June 2011 includes net profit after tax attributable to Echo Entertainment Group Limited of \$240 million, net gain on the demerger of Echo Entertainment Group Limited of \$351 million and impairment of wagering business of \$358 million. The year ended 30 June 2010 includes net profit after tax attributable to Echo Entertainment Group Limited of \$194 million.

4.2.2 Consolidated historical cash flow statement

Set out below is a summary of Tabcorp's consolidated historical cash flow statement for the financial years ended 30 June 2010 and 30 June 2011 and the half year ended 31 December 2011.

\$m	Year ended 30 June 2010	Year ended 30 June 2011	Half year ended 31 December 2011
EBITDA, from continuing operations, excluding significant items	649	686	383
Other non cash items	(4)	8	-
Change in working capital	40	(48)	4
Net operating cash flows before financing activities and tax	685	646	387
Payment for non current assets	(130)	(185)	(143)
Proceeds from sale of non current assets	3	2	-
Loans advanced to customers	(5)	(48)	(2)
Net operating cash flows after capital expenditure, before financing activities and tax	553	415	242
Net finance costs paid	(148)	(151)	(43)
Income tax paid	(179)	(198)	(95)
Net cash flows used in financing activities	(321)	(132)	(88)
Net Cash flow	(95)	(66)	16

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4.2.3 Consolidated historical balance sheet

Set out below is a summary of Tabcorp's consolidated historical balance sheet as at 30 June 2011 and 31 December 2011.

\$m	As at 30 June 2011	As at 31 December 2011
Current Assets		
Cash and cash equivalents	147	163
Receivables	80	107
Other current assets	24	24
Total Current Assets	251	294
Non-Current Assets		
Property, plant & equipment	281	292
Licences	430	832
Other intangible assets	1,806	1,801
Other non-current assets	71	68
Total Non-Current Assets	2,588	2,993
Total Assets	2,839	3,287
Current Liabilities		
Payables	368	793
Interest bearing liabilities	450	450
Derivative financial instruments	4	8
Current tax liabilities	60	37
Other current liabilities	71	56
Total Current Liabilities	953	1,344
Non-Current Liabilities		
Payables	75	-
Interest bearing liabilities	515	517
Deferred tax liabilities	63	68
Derivative financial instruments	15	35
Other non-current liabilities	7	6
Total Non-Current Liabilities	675	626
Total Liabilities	1,628	1,970
Net Assets	1,211	1,317
Equity		
Issued capital	1,973	2,038
Accumulated losses	(92)	(33)
Reserves	(670)	(688)
Total Equity	1,211	1,317

4.3 Pro-forma consolidated financial information

4.3.1 Introduction

This Section contains consolidated historical financial information for Tabcorp adjusted to reflect the indicative impact of events outlined in Section 4.1 being:

- the funds raised from this Offer;
- the expiry of the Victorian Gaming Licence on 15 August 2012 and the commencement of the TGS business on 16 August 2012;
- expiry of the current Victorian Wagering Licence and associated arrangements with the Victorian racing industry on 15 August 2012 and the commencement of the new Victorian Wagering and Betting Licence and associated arrangements with the Victorian racing industry on 16 August 2012; and
- other material cash movements.

(a) Funds raised from this Offer

- The amount of net proceeds raised from the Offer is assumed to be used to repay existing non-current interest bearing liabilities. Consequently, except for the transaction costs, there is no net effect upon drawn non-current interest bearing liabilities.
- Adjustments have also been made to reflect changes in Tabcorp's indebtedness associated with the pro-forma balance sheet adjustments outlined in this Section 4.3.1. An interest rate of 6.76% per annum, based on historical interest rates for the half year ended 31 December 2011, has been assumed for these adjustments. An additional adjustment has also been made to reflect the interest costs associated with the Notes assuming a face value of \$200 million and an illustrative interest rate based on a margin of 4.0% per annum to historical interest rates for the half year ended 31 December 2011.

(b) Expiry of the Victorian Gaming Licence on 15 August 2012 and commencement of the TGS business on 16 August 2012

- Tabcorp's Victorian Gaming Licence expires on 15 August 2012. Earnings and cash flows from the Victorian Gaming Licence represented approximately 40% of Tabcorp's EBITDA in 1H12. A pro-forma adjustment has been made to remove the historical earnings and cash flows from the Victorian Gaming Licence in FY11 and 1H12 as if they did not occur.
- TGS is to be the Tabcorp Group's successor gaming business in Victoria following the expiry of the Victorian Gaming Licence. Earnings and cash flow from TGS are expected to commence from 16 August 2012. A pro-forma adjustment has been made to illustrate the impact on historical earnings and cash flows as if the TGS forecast earnings and cash flows had occurred in FY11 and 1H12.

Refer to Section 4.4 for further information regarding TGS forecast financial information.

- The existing Victorian Gaming Licence expires on 15 August 2012 and is expected to generate earnings and cash flows from 1 January 2012 to 15 August 2012 (i.e. 7.5 months). The net cash flows from that business, after the payment of tax and allowance for Tabcorp's shareholder dividend, will be used to reduce debt. A pro-forma adjustment has been made to reflect these cash flows.

The pro forma adjustment has been calculated based on earnings attributable to the Victorian Gaming Licence for the 6 months ended 30 June 2011, grossed up for 7.5 months. The table below sets out the calculation of this pro-forma adjustment.

Victorian Gaming Licence pro-forma adjustment

	\$m
EBITDA (6 months ended 30 June 2011)	135
Illustrative EBITDA (grossed up for 7.5 months)	169
Allowance for tax ¹	(47)
Allowance for shareholder dividends ²	(49)
Illustrative net cash flow	73

Note:

- 1 Allowance for tax has been calculated based on illustrative taxable profit of \$156.25 million (comprising earnings before tax of \$145 million plus non deductible Victorian Gaming Licence amortisation of \$11.25 million) and a tax rate of 30%.
- 2 Allowance for shareholder dividends has been calculated based on illustrative net profit of \$98 million (comprising earnings before tax of \$145 million less tax of \$47 million) and a dividend payout ratio of 50%.

Investors should note that past performance is not a reliable indicator of future performance and that the cash flows Tabcorp actually receives from the Victorian Gaming Licence from 1 January 2012 to 15 August 2012 might differ from those outlined above.

- At 31 December 2011, the balance sheet of Tabcorp included \$47 million of goodwill related to the Victorian Gaming Licence that expires on 15 August 2012. Given that the goodwill balance will be required to be eliminated by this date, a pro-forma adjustment has been made to reduce the goodwill balance, the net profit of the income statement and the retained earnings of the balance sheet by \$47 million as if the goodwill impairment occurred on 31 December 2011.

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(c) Expiry of the current Victorian Wagering Licence on 15 August 2012 and commencement of the new Victorian Wagering and Betting Licence on 16 August 2012

- The terms of the new Victorian Wagering and Betting Licence and associated arrangements with the Victorian racing industry which commence on 16 August 2012 differ from the terms of Tabcorp's current Victorian Wagering Licence and associated arrangements with the Victorian racing industry which expire on 15 August 2012. A pro-forma adjustment has been made to reflect the impact on historical earnings and cash flows from the Victorian Wagering Licence as if the terms of the new Victorian Wagering and Betting Licence and associated arrangements with the Victorian racing industry had applied to the current Victorian Wagering Licence in FY11 and 1H12. Investors should note that past performance is not a reliable indicator of future performance and that the earnings Tabcorp actually receives from the new Victorian Wagering and Betting Licence might differ from those presented in the pro-forma adjustments.

(d) Other material cash movements

- There are expected to be material cash flows from items recognised on Tabcorp's consolidated historical balance sheet as at 31 December 2011. Pro-forma adjustments have been made to assist investors in understanding the impact of the material cash flows described below on Tabcorp's financial position:
 - On 19 January 2012, a member of the Tabcorp Group paid \$410 million to the Victorian Government for the new Victorian Wagering and Betting Licence. A pro-forma adjustment has been made to the historical balance sheet as at 31 December 2011 to increase non-current interest bearing liabilities and reduce payables to reflect the payment for the licence.
 - Shortly after 31 December 2011, Tabcorp has received or is expecting to receive, in total, \$60 million in relation to items recognised as at 31 December 2011. A pro-forma adjustment to reflect the receipt/expected receipt of these material cash flows has been made to decrease non-current interest bearing liabilities and decrease receivables by \$60 million.

4.3.2 Consolidated pro-forma income statements

The following tables set out Tabcorp's consolidated pro-forma income statements for the financial year ended 30 June 2011 and the half year ended 31 December 2011.

Consolidated pro-forma income statement for the year ended 30 June 2011

Year ended 30 June 2011 (\$m)	Tabcorp	Gaming			Tabcorp Pro-forma
		Vic Gaming earnings	TGS earnings	New Vic Wagering Licence ¹	
Revenue	2,948	(1,077)	96	(192)	1,775
Government taxes & levies	(888)	459	-	89	(340)
Commissions and fees	(978)	302	-	33	(643)
Net operating expenses	(396)	37	(46)	29	(376)
EBITDA, excluding significant items	686	(279)	50	(41)	416
Depreciation & amortisation	(124)	38	(28)	(32)	(146)
EBIT, excluding significant items	562	(241)	22	(73)	270
Net interest expense	(134)				
Income tax expense	(127)				
NPAT, excluding significant items	301				
Significant items ²	233				
Net profit attributable to Tabcorp shareholders	534				

Note:

- Commissions and fees include an expense of \$8 million assuming the minimum financial performance arrangements for FY13 had applied. (refer to Sections 3.6.1 and 5.3.11).
- The year ended 30 June 2011 includes net profit after tax attributable to Echo Entertainment Group Limited of \$240 million, net gain on demerger of Echo Entertainment Group Limited of \$351 million and impairment of wagering business of \$358 million.

Consolidated pro-forma income statement for the half year ended 31 December 2011

6 months ended 31 December 2011 (\$m)	Gaming				Interest adjustment	Tabcorp Pro-forma
	Tabcorp	Vic Gaming earnings	TGS earnings	New Vic Wagering Licence ¹		
Revenue	1,574	(562)	48	(105)		955
Government taxes & levies	(464)	239	-	46		(179)
Commissions and fees	(521)	157	-	21		(343)
Net operating expenses	(206)	18	(23)	15		(196)
EBITDA, excluding significant items	383	(148)	25	(23)		237
Depreciation & amortisation	(66)	19	(14)	(16)		(77)
EBIT, excluding significant items	317	(129)	11	(39)		160
Net interest expense	(43)	-	-	-	(11)	(54)
Income tax expense	(85)	41	(3)	8	3	(36)
NPAT, excluding significant items	189	(88)	8	(31)	(8)	70
Significant items ²	-	(47)	-	-	-	(47)
Net profit attributable to Tabcorp shareholders	189	(135)	8	(31)	(8)	23

Note:

- 1 No adjustment has been made for the minimum performance obligation on the basis that this is calculated at the end of each financial year (refer to Sections 3.6.1 and 5.3.11).
- 2 Significant item relates to the elimination of goodwill relating to the Victorian Gaming Licence that expires on 15 August 2012 as if it had occurred.

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on 31 December 2011 (refer to Section 4.3.1(b)).

4.3.3 Consolidated pro-forma cash flow statements

The following tables set out Tabcorp's consolidated pro-forma statement of cash flows for the financial year ended 30 June 2011 and the half year ended 31 December 2011.

Consolidated pro-forma statement of cash flows for the year ended 30 June 2011

Year ended 30 June 2011 (\$m)	Tabcorp	Gaming		New Vic Wagering Licence	Tabcorp Pro-forma
		Vic Gaming cash flows	TGS cash flows		
EBITDA, excluding significant items	686	(279)	50	(41)	416
Other non cash items	8	-	-	-	8
Change in working capital	(48)	(18)	-	-	(66)
Net operating cash flows before financing activities and tax	646	(297)	50	(41)	358
Payment for non current assets	(185)	-	-	-	(185)
Proceeds from sale of non current assets	2	-	-	-	2
Loans advanced to customers	(48)	-	-	-	(48)
Net operating cash flows after capital expenditure, before financing activities and tax	415	(297)	50	(41)	127
Net finance costs paid	(151)				
Income tax paid	(198)				
Net cash flows used in financing activities	(132)				
Net Cash flow	(66)				

Consolidated pro-forma statement of cash flows for the half year ended 31 December 2011

6 months ended 31 December 2011 (\$m)	Tabcorp	Gaming		New Vic Wagering Licence	Tabcorp Pro-forma
		Vic Gaming cash flows	TGS cash flows		
EBITDA, excluding significant items	383	(148)	25	(23)	237
Other non cash items	-	1	-	-	1
Change in working capital	4	(6)	-	-	(2)
Net operating cash flows before financing activities and tax	387	(153)	25	(23)	236
Payment for non current assets	(143)	-	-	-	(143)
Proceeds from sale of non current assets	-	-	-	-	-
Loans advanced to customers	(2)	-	-	-	(2)
Net operating cash flows after capital expenditure, before financing activities and tax	242	(153)	25	(23)	91
Net finance costs paid	(43)				
Income tax paid	(95)				
Net cash flows used in financing activities	(88)				
Net Cash flow	16				

4.3.4 Consolidated pro-forma statement of financial position

The following table presents Tabcorp's consolidated historical and consolidated pro-forma statement of financial position as at 31 December 2011.

Consolidated pro-forma statement of financial position

	Pro-forma Adjustments					Tabcorp Pro-forma as at 31 Dec 2011
	As at 31 Dec 2011	Issue of Tabcorp Notes	Residual Vic Gaming operations	Vic Wagering Licence Payment	Receipt of Material Receivable	
\$m						
Current Assets						
Cash and cash equivalents	163	-	-	-	-	163
Receivables	107	-	-	-	(60)	47
Other current assets	24	-	-	-	-	24
Total Current Assets	294	-	-	-	(60)	234
Non-Current Assets						
Property, plant & equipment	292	-	-	-	-	292
Licences	832	-	-	-	-	832
Other intangible assets	1,801	-	(47)	-	-	1,754
Other non-current assets	68	-	-	-	-	68
Total Non-Current Assets	2,993	-	(47)	-	-	2,946
Total Assets	3,287	-	(47)	-	(60)	3,180
Current Liabilities						
Payables	793	-	-	(410)	-	383
Interest bearing liabilities	450	-	-	-	-	450
Derivative financial instruments	8	-	-	-	-	8
Current tax liabilities	37	-	-	-	-	37
Other current liabilities	56	-	-	-	-	56
Total Current Liabilities	1,344	-	-	(410)	-	934
Non-Current Liabilities						
Payables	-	-	-	-	-	-
Interest bearing liabilities	517	Nil	(73) ¹	410	(60)	794
Deferred tax liabilities	68	-	-	-	-	68
Derivative financial instruments	35	-	-	-	-	35
Other non-current liabilities	6	-	-	-	-	6
Total Non-Current Liabilities	626	-	(73)	410	(60)	903
Total Liabilities	1,970	-	(73)	-	(60)	1,837
Net Assets	1,317	-	26	-	-	1,343
Equity						
Issued capital	2,038	-	-	-	-	2,038
Accumulated losses	(33)	-	26	-	-	(7)
Reserves	(688)	-	-	-	-	(688)
Total Equity	1,317	-	26	-	-	1,343

Note:

¹ Please refer to Section 4.3.1(b) for additional detail on the calculation of this pro-forma adjustment.

4. Financial information

4.4 TGS forecast financial information

4.4.1 Introduction

Tabcorp's Victorian Gaming Licence expires on 15 August 2012, and a new regulatory regime in relation to the operation of EGMs in Victoria will take effect from 16 August 2012. Upon the expiry of the Victorian Gaming Licence, gaming operator licences will no longer be held by the two current operators – Tabcorp and Tatts Group Limited.

As a consequence, Tabcorp has established a new business known as TGS. At 31 December 2011, TGS contracts were in place with in excess of 100 gaming venues.

The forecast financial profile for TGS set out in Section 4.4.4 is based on a number of assumptions concerning future events, including key assumptions referred to in Section 4.4.2 and 4.4.3. The forecast financial profile is also subject to the risks identified in Section 4.4.5 and many of the risks identified in Section 5.3. The forecasts for TGS are based on events and conditions existing at the date of this Prospectus, including those material assumptions set out below.

Tabcorp has prepared the financial forecasts for TGS with proper care and attention and considers all assumptions to be reasonable, when taken as a whole. However, the forecast financial information is likely to vary from actual results and any variation may be material because forecasts, by their very nature, are subject to uncertainties and contingencies, many of which are outside the control of Tabcorp and which may, amongst other things, result in the assumptions on which the forecasts are based being inaccurate concerning future events.

The forecast income statement and other forward looking statements do not constitute a representation that future profits (or any other matter) will be achieved, either at all or in the amounts or by the dates indicated. Such information is presented for illustrative purposes only as a guide to assist investors in considering the Offer.

Investors are advised to review the assumptions and risk factors detailed in this Prospectus and make their own assessment of the future performance and prospects of TGS.

4.4.2 General assumptions

Set out below are the general assumptions that have been adopted in preparing the financial forecast for TGS:

- There is no significant change to the economic conditions in the markets in which TGS operates from those which prevail as at the date of this Prospectus.
- There is no significant change in the competitive environment where TGS operates.
- There are no material industrial or employee relations disputes, litigation, strikes or acts of God relevant to the operations of TGS.
- There is no material adverse change to the gaming regulatory regime where TGS operates.
- There is no material adverse change to the gaming taxation regime where TGS operates.
- There is no material change to the contractual arrangements that TGS has with its customers.
- The company tax rate in Australia remains at 30%.
- There is no material adverse change to the State based taxes to which TGS would be subject.
- There are no changes in accounting standards or other mandatory professional reporting requirements or the Corporations Act which would have a material effect on TGS's financial performance.
- There are no investments in new projects outside of the core business of TGS and TGS does not sell any material assets, companies or businesses.
- There is no impairment of amounts TGS has loaned to its customers.

4.4.3 Specific assumptions

Revenue

TGS provides servicing support, commercial assistance, business development, marketing advice, training and machine supply to commercial users of EGMs in Victoria. TGS is currently contracted in respect of over 8,000 EGMs in Victoria.

Approximately 70% of the signed EGMs are contracted for a 10 year term, with no termination option. Approximately 30% of signed EGMs have a 10 year term, with a 30 day termination option at the election of the customer at year 5, requiring 12 months notice (effectively a 6 year contract).

The revenue model is structured on a daily fee payable by each customer per contracted EGM per day to TGS, which will commence from 16 August 2012. The daily fee is subject to annual CPI indexing from August 2013 onwards.

TGS's revenue for the 12 months commencing on 16 August 2012 is forecast to be \$96 million based on the fees due to TGS pursuant to contracts TGS currently has in place with its customers.

Costs

TGS's operating costs comprise primarily the following expense categories: IT costs, advertising and promotional expenses, EGM software and licence fees relating to the purchase of games for EGMs and the licence fees for the loyalty system, employee costs and administration and other expenses.

TGS operating costs for the 12 months commencing on 16 August 2012 are forecast to be \$46 million.

Depreciation & Amortisation

TGS's depreciation and amortisation for the 12 months commencing on 16 August 2012 is forecast to be \$28 million and is related to the depreciation of EGMs.

Other

The Tabcorp Group has also provided some TGS customers with loans to assist in the payment of various future obligations including:

- \$15 million which has been committed to loans to TGS customers to assist them in paying the Victorian Government for their gaming machine entitlements. The loans are to be repaid through daily fees paid to TGS.
- \$39 million which has been loaned to certain key TGS customers to facilitate business expansion. Interest on these loans is payable at a commercial rate, with the majority of such loans to be repaid within 5 years.
- Interest paid on the loans referred to above is accounted for as operating revenue and is expected to represent less than 10% of TGS's total revenue.

4.4.4 TGS forecast financial profile

The table below sets out selected forecast financial information for TGS for the 12 months commencing on 16 August 2012.

TGS forecast income statement

\$m	12 months commencing 16 August 2012
Revenue	96
Net operating expenses	(46)
EBITDA	50
Depreciation & amortisation	(28)
EBIT	22

4. Financial information

4.4.5 Risks associated with TGS forecast financial information

The TGS forecast financial profile presented in Section 4.4.4 is subject to the risks identified below, as well as many of the general risks outlined in Section 5.3.

- Key customers may default on their loans or on the payment of interest under such loans, which could result in bad debts.
- Uncertainty surrounding EGM monitoring transition in relation to transition, operating protocols and costs. In particular, the failure by the new EGM monitor to transition the monitoring system to venues (at which TGS is to provide services) to enable those venues to operate following the expiry of the Victorian Gaming Licence on 15 August 2012 is a risk.
- As set out above, TGS's operating costs (which include wages and salaries) for the 12 months commencing on 16 August 2012 are forecast to be \$46 million. The amount of forecast operating costs (including the amount of wages and salaries) may vary from the actual amount of operating costs incurred and any such variation may be material.

Investors should note that no person guarantees the future performance of TGS.

4.5 Pro-forma financial ratios

This Section contains information about two of Tabcorp's key financial ratios which are relevant to investors in Notes. These two ratios are as follows:

- Leverage Ratio—calculated as Relevant Gross Debt (divided by 2) / Relevant EBITDA
- Interest Cover Ratio—calculated as Relevant EBITDA / Relevant Net Interest Paid

The Leverage Ratio and Interest Cover Ratio will be tested on a six monthly basis to determine whether or not a Deferral Event exists. A Deferral Event will commence if the Leverage Ratio is above the Maximum Level (being 3.5 times) in relation to two consecutive Testing Dates, or the Interest Cover Ratio is below the Minimum Level (being 3.0 times) in relation to one Testing Date, and Tabcorp has solicited from one rating agency, and that rating agency has assigned, a credit rating to Tabcorp's long-term debt.

If a Deferral Event occurs and Tabcorp has solicited from one rating agency, and that rating agency has assigned, a credit rating to Tabcorp's long-term senior unsecured debt, Interest Payments must be deferred. See Section 2.3 for further information regarding Deferral Events and the deferral of Interest Payments.

Leverage Ratio

(Relevant Gross Debt (divided by 2) / Relevant EBITDA)

The Leverage Ratio provides information about Tabcorp's ability to repay its existing debt and capacity to take on additional debt obligations. A high leverage ratio may indicate that Tabcorp may not be able to service its debt and could place downward pressure on Tabcorp's credit rating.

The Leverage Ratio is calculated, in accordance with the Terms of Issue, as Relevant Gross Debt (divided by two) to Relevant EBITDA for the relevant period.

In broad terms, Relevant Gross Debt is calculated, in accordance with the Terms of Issue, as gross debt adjusted for any amounts arising on hedge relationships on those debts less the outstanding balance of the Notes (and less the outstanding balance, or part thereof, of certain securities issued by Tabcorp from time to time). In broad terms, Relevant EBITDA is also calculated, in accordance with the Terms of Issue, as EBITDA adjusted to take into account the effects of any acquisition made during the relevant six month period and excluding exceptional, one-off, non-recurring or extraordinary items. For further information, refer to the Terms of Issue.

The table below shows the Leverage Ratio, as it would have been for the half year ended 31 December 2011, if it had been calculated using numbers derived from the pro-forma financial information set out in Section 4.3.

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6 months ended (\$m)	Pro-forma 31 December 2011
Gross Debt	1,244
Less outstanding balance of the Notes ¹	(200)
Relevant Gross Debt	1,044
Relevant Gross Debt (divided by two)	522
Relevant EBITDA	237
Leverage Ratio	2.2x

Note:

¹ The outstanding balance of the Notes is deducted from gross debt to calculate Relevant Gross Debt, in accordance with the Terms of Issue. This is based on \$200 million for the proposed issue of Notes.

Interest Cover Ratio

(Relevant EBITDA / Relevant Net Interest Paid)

The Interest Cover Ratio provides information about Tabcorp's ability to meet its interest payments from operating cash flows and the risks associated with Tabcorp's level of borrowings. A low interest cover ratio may indicate that a company could face difficulties in servicing the interest payable on its debt (including the interest payable on debt like Notes) if earnings decrease or interest rates increase.

The Interest Cover Ratio is calculated, in accordance with the Terms of Issue, as Relevant EBITDA (as described above) for the relevant six month period divided by Relevant Net Interest Paid for the relevant six month period. In broad terms, Relevant Net Interest Paid is calculated, in accordance with the Terms of Issue, as net interest paid less the amount of interest paid on the Notes (and less interest paid, or part thereof, on certain securities issued by Tabcorp from time to time). For further information, refer to the Terms of Issue.

The table below shows the Interest Cover Ratio, as it would have been for the half year ended 31 December 2011, if it had been calculated using numbers derived from the pro-forma financial information set out in Section 4.3.

6 months ended (\$m)	Pro-forma 31 December 2011
Relevant EBITDA	237
Interest paid	57
Interest received	(3)
Net Interest Paid	54
Less interest paid on the Notes ¹	(9)
Relevant Net Interest Paid	45
Interest Cover Ratio (times)	5.3x

Note:

¹ Adjustment has been made assuming an aggregate Note face value of \$200 million and an illustrative interest rate based on a margin of 4.0% per annum to historical interest rates for the half year ended 31 December 2011.

Sensitivity analysis on Leverage Ratio and Interest Cover Ratio

A Deferral Event will commence if the Leverage Ratio is above the Maximum Level (being 3.5 times) in relation to two consecutive Testing Dates or the Interest Cover Ratio is below the Minimum Level (being 3.0 times) in relation to one Testing Date, and Tabcorp has solicited from one rating agency, and that rating agency has assigned, a credit rating to Tabcorp's long-term senior unsecured debt.

The table below shows the changes in the Relevant EBITDA and Relevant Gross Debt set out earlier in this

4. Financial information

Section which would have been required to cause the Leverage Ratio to be at the Maximum Level at the relevant points in time.

6 months ended (\$m)	Pro-forma 31 December 2011
Required decline in Relevant EBITDA (without any changes in Relevant Gross Debt) (\$m)	88
Required decline in Relevant EBITDA (without any changes in Relevant Gross Debt) (%)	37%
Required increase in Relevant Gross Debt (without any changes in Relevant EBITDA) (\$m)	615
Required increase in Relevant Gross Debt (without any changes in Relevant EBITDA) (%)	59%

The table below shows the changes in the Relevant EBITDA and Relevant Net Interest Paid set out earlier in this Section which would have been required to cause the Interest Cover Ratio to be at the Minimum Level at the relevant points in time.

6 months ended (\$m)	Pro-forma 31 December 2011
Required decline in Relevant EBITDA (without any changes in Relevant Net Interest Paid) (\$m)	103
Required decline in Relevant EBITDA (without any changes in Relevant Net Interest Paid) (%)	43%
Required increase in Relevant Net Interest Paid (without any changes in Relevant EBITDA) (\$m)	34
Required increase in Relevant Net Interest Paid (without any changes in Relevant EBITDA) (%)	76%

If Tabcorp's financial profile materially deteriorates such that it risks having an Interest Cover Ratio below the Minimum Level or a Leverage Ratio above the Maximum Level, Tabcorp intends to take one or more measures to support these financial ratios and restore its credit profile. These measures may include asset sales, equity issuance, discontinuation of certain businesses, suspension of ordinary dividends, suspension of any share buybacks and/or changes to Tabcorp's other financial policies.

Past performance of Tabcorp cannot be relied upon as an indicator of future performance.

4.6 Capital management

Tabcorp finances its operations and developments through cash flows from operations, borrowings from banks and proceeds from issuances of equity and debt securities.

Tabcorp has accessed a range of sources of capital in previous years:

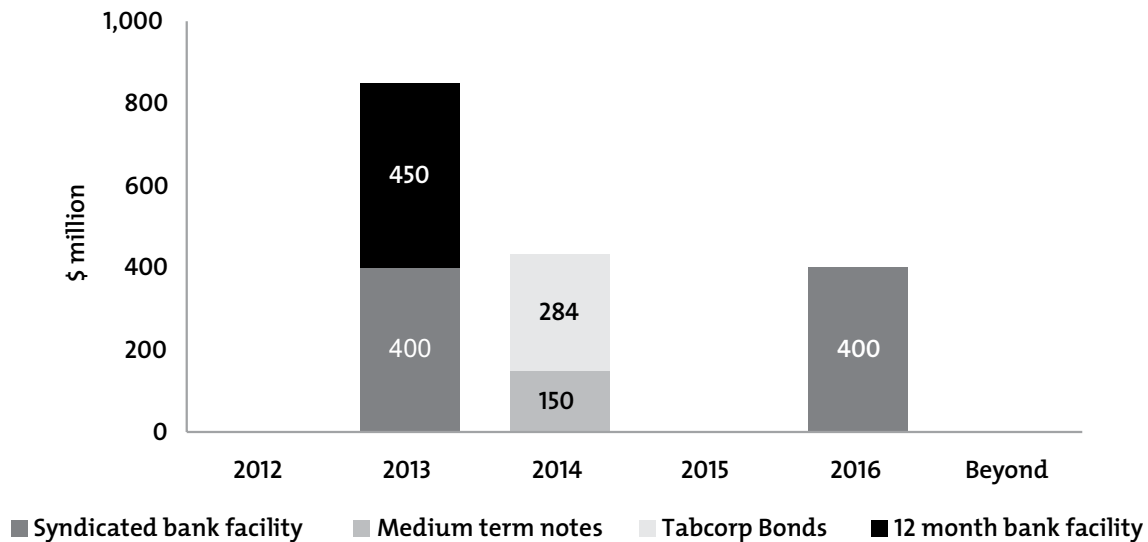
- entering into a new \$800 million syndicated bank facility in June 2011;
- entering into a new \$450 million 12 month bank facility in October 2011;
- entering into a 50% underwritten dividend reinvestment plan for the financial year ended 30 June 2011 to provide \$66 million of equity;
- raising \$430 million of equity through an entitlement offer, completed in October 2010;
- raising \$150 million through the issuance of medium term notes, completed in June 2009; and
- raising \$284 million through the issuance of Tabcorp Bonds, completed in April 2009.

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Tabcorp aims to maintain a diversified debt portfolio that enables it to access a range of debt markets and specific instruments to meet its ongoing business requirements and investment opportunities. As at 31 December 2011, Tabcorp had debt (interest bearing liabilities) of \$967 million and \$873 million of available liquidity from undrawn debt facilities and cash and cash equivalents.

The chart below sets out the maturity profile of Tabcorp's drawn and undrawn committed facilities as at 31 December 2011 before the issue of Notes.

Tabcorp's debt maturity profile—before the issue of Notes¹



Note:

¹ Years represent financial years.

Following this Offer, Tabcorp's debt maturity profile would include an additional amount in the 'Beyond' period in respect of the total funds raised under the Offer with a reduction in the drawn balance equal to the amount of net proceeds, in earlier years.

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5. Investment risks

5. Investment risks

By investing in Notes you will be lending money to Tabcorp and may be exposed to a number of risks which can be broadly classified as risks associated with the Notes, the market generally and the Tabcorp Group.

You should be aware that there are risks associated with the Tabcorp Group's businesses and an investment in Tabcorp generally. The Tabcorp Group's businesses and financial performance may affect the ability of Tabcorp to fulfil its obligations in respect of the Notes, the credit quality of Tabcorp, and hence the value of the Notes themselves.

The risks set out below should not be taken as a complete list of the risks associated with the Notes, the market or the Tabcorp Group. Many of the risks are outside the control of the Directors, including some of the risk factors set out in this Section and other matters mentioned in this Prospectus.

The selection of risks set out below has been based on an assessment of a combination of the probability of the risk occurring and the impact of the risk if it did occur. This assessment is based on the knowledge of the Directors as at the date of this Prospectus, but the relative importance of different risks could change and other risks could emerge.

There can be no guarantee that Tabcorp will achieve its stated objectives, that it will meet trading performance or financial results guidance that it may provide to the market, or that any forward looking statements contained in this Prospectus will be realised or otherwise eventuate. Investors should note that past performance is not a reliable indicator of future performance.

In considering whether to apply for Notes, it is important that you:

- consider the risk factors set out below as well as other information in this Prospectus in light of your particular investment objectives, financial situation and particular needs (including financial and tax issues); and
- seek professional investment advice from your financial or other professional adviser before deciding whether to apply for Notes.

5.1 Risks associated with Notes

5.1.1 Changes in Interest Rate

The Interest Rate is calculated for each Interest Period by reference to the Bank Bill Rate, which is influenced by a number of factors and may fluctuate over time. See Section 2.2.5 which sets out the historical movements in the Bank Bill Rate. As the Interest Rate fluctuates, there is a risk that the Interest Payments may become less attractive compared to the rates of return available on other securities or alternative investments.

5.1.2 Notes are long-dated securities

Notes will mature in 25 years on 22 March 2037. Tabcorp may redeem Notes in certain circumstances prior to this date, including from 22 March 2017 (i.e. the First Call Date) when Tabcorp expects that one rating agency will cease to treat Notes as equity, and will treat Notes as debt, when evaluating the quantitative aspects of Tabcorp's corporate credit rating. However Tabcorp does expect Notes will provide a minimal level of qualitative support to its capital management strategy until the Maturity Date, and there are no obligations for Tabcorp to redeem Notes before that time (except in certain circumstances following a Change of Control Event).

Holders have limited rights to request redemption of Notes before they mature. Holders may seek to sell Notes on ASX but there is no guarantee they will be able to do so, or do so at a price acceptable to the Holder. This may particularly be the case if Notes remain outstanding for a long period of time and the Tabcorp Group's financial position or performance, or broader macroeconomic or market conditions, materially deteriorate. Therefore, Holders should be aware that they may be required to bear financial risks associated with an investment in long-dated securities. For example, holding a note for a long period, potentially to maturity, exposes an investor over that period to one company, and the risks associated with its operations, and to the likely risks associated with cyclical or volatile markets (including potentially depressed trading values and periods of illiquidity). Further, holding a Note for a long period may result in the real value of the proceeds received on redemption decreasing as a result of inflation.

5.1.3 Notes are subordinated obligations

If Tabcorp is wound up, all payments on Notes will rank behind all other liabilities of Tabcorp, except for Ordinary Shares. Notes are liabilities of Tabcorp itself and Holders will have no right to claim against any other member of the Tabcorp Group.

Tabcorp may also incur further liabilities that will rank ahead of, or equal with, Notes without the prior consent of Holders. These include liabilities which arise out of events that are not reflected on the balance sheet of Tabcorp, including, the issue of guarantees on an unsubordinated basis. If Tabcorp is wound up, claims made under such liabilities will need to be paid in full before any obligations under Notes may be satisfied.

There is a risk that there may be a shortfall of funds to pay all amounts ranking senior to and equally with Notes if Tabcorp is wound up. This would result in Holders not receiving a full return, or potentially receiving no return, of capital or any Interest Payments due and unpaid at that time.

5.1.4 Deferral of Interest Payments

Tabcorp must defer Interest Payments in some circumstances - see Section 2.3.1 and Clauses 2.6 and 12.3 of the Terms of Issue for details.

Deferral of Interest Payments is likely to have an adverse effect on the market price of Notes. If the Tabcorp Group's financial condition deteriorates to the extent that its Interest Cover Ratio risks falling below or close to the Minimum Level (being 3.0 times) or its Leverage Ratio risks rising above or close to the Maximum Level (being 3.5 times), this may increase the expectation that Interest Payments may be deferred which is likely to have an adverse effect on the market price of Notes. Deferral may also be disadvantageous to Holders from a cash flow timing perspective. As a result, the market price of Notes may become more volatile than the market prices of other debt securities that are not subject to such payment deferral rights.

5.1.5 Tabcorp may redeem Notes under certain circumstances

Notes may be redeemed at the option of Tabcorp on:

- 22 March 2017 (i.e. the First Call Date); or
- any Interest Payment Date thereafter.

Tabcorp may also elect to redeem Notes at any time if any of the following (summarised in Section 2.4.6) occur:

- a Change of Control Event;
- a Tax Event;
- a Capital Event; or
- a Clean-up Event.

Notes will be redeemed at their Face Value of \$100 per Note – except on redemption before the First Call Date for a Capital Event where Holders will receive 101% of the Face Value of each Note being redeemed (i.e. \$101 per Note) – plus any accrued and outstanding interest and any Deferred Interest Payments.

There is a risk that the relevant redemption amount may be less than the then current market value of Notes or the timing of such redemption may not accord with a Holder's individual financial circumstances or tax position.

5.1.6 Limited right for Holders to request or require redemption

Holdes will have no right to request redemption of Notes prior to the Maturity Date (i.e. 22 March 2037) except if a Change of Control Event occurs and Tabcorp does not elect to redeem the Notes.

In addition, if an Event of Default occurs and is continuing, the Trustee may, and must if directed by a Special Resolution of Holders or requested in writing by the holders of at least 25% of the Face Value of the outstanding Notes, give notice to Tabcorp to redeem all Notes.

5. Investment risks

If none of these events occur, Holders have no right to require Tabcorp to redeem their Notes. If any of these events occurs and Tabcorp redeems Notes, Notes will be redeemed at \$100 per Note (plus any accrued and outstanding interest and any Deferred Interest Payments).

In all other circumstances, Holders can only realise their investment in Notes by a sale on ASX or a private sale. There is a risk that the sale price on ASX or under private sale will be less than the Issue Price or market value of Notes. Brokerage may also be payable if Notes are sold through a broker.

5.1.7 No limitation on issuing senior or equal ranking securities

There are no restrictions on the amount of securities, guarantees or other liabilities which Tabcorp may issue or incur and which rank (legally or in effect) senior to, or equal with, the rights and claims of Holders in respect of Notes. If Tabcorp does issue such securities, guarantees or incurs other liabilities, the amount (if any) recoverable by Holders if Tabcorp is wound up may be reduced and/or the likelihood of the deferral of Interest Payments under Notes may be increased.

5.1.8 Tabcorp Group structure

Tabcorp is the ultimate holding company of the Tabcorp Group. Tabcorp's major assets are shares in its various subsidiaries and intercompany receivables. The ability of those Tabcorp Group members to pay dividends or make distributions to Tabcorp may be limited by various legal, tax or other constraints. If, as a result of those constraints, Tabcorp is unable to receive dividends or distributions from the relevant Tabcorp Group members, this may materially and adversely affect Tabcorp's ability to meet its obligations, including in respect of Notes.

5.1.9 Modification, waivers and substitution

Tabcorp may in certain circumstances amend the Terms of Issue without the consent of Holders (refer to Clause 11.2 of the Terms of Issue). Tabcorp may also amend the Terms of Issue if the amendment has been approved by a Holder Resolution or Special Resolution (refer to Clause 11.3 of the Terms of Issue). Further, Tabcorp may, in certain circumstances, substitute itself as the issuer of Notes under the Terms of Issue and the Trust Deed without the consent of Holders, provided along with other applicable conditions, Tabcorp is satisfied that the interests of Holders will not be materially prejudiced by the substitution (refer to Clause 10 of the Terms of Issue).

5.1.10 Australian tax consequences

A general description of the Australian taxation consequences of investing in Notes is set out in Section 7. That description is in general terms and is not intended to provide specific advice in relation to the circumstances of any particular investor. Accordingly, investors should seek independent advice in relation to their individual tax position. Holders should also be aware that future changes in Australian taxation law including changes in interpretation or application of the law by the courts or taxation authorities in Australia, may affect the taxation treatment of an investment in Notes.

5.1.11 No minimum subscription

Tabcorp intends to raise approximately \$200 million through the issue of Notes under the Offer, with the ability to raise more or less. However, there is no minimum subscription for the Offer and the Offer is not underwritten. If the Offer is not fully subscribed, this may have an adverse impact on the market price and liquidity of Notes.

5.2 Risks related to the market generally

5.2.1 Market price

The market price of Notes may fluctuate due to various factors, including investor perceptions, global economic conditions, interest rates, credit spreads, movements in the market price of Ordinary Shares or senior or subordinated debt, factors that may affect the Tabcorp Group's financial position and trading results and other factors beyond the control of Tabcorp and its Directors. Notes may trade at a market

price below the Issue Price. As a result, Holders who wish to sell their Notes may be unable to do so at an acceptable price (if at all). Where markets are volatile, there is the potential for fluctuations in the price of securities, sometimes markedly and over a short period. Investing in volatile conditions implies a greater level of volatility risk for investors than an investment in a more stable market.

5.2.2 Liquidity

Tabcorp will apply for Notes to be listed on ASX. However, Notes will have no established trading market when issued and one may never develop. If a market does develop, it may not be very liquid. Insufficient liquidity may have a severely adverse effect on the market price of Notes which may trade at a market price below their Issue Price. Holders may not be able to sell their Notes easily or at an acceptable price. The extent of liquidity may also affect the volatility of the market price of Notes.

5.2.3 Change in credit ratings

Tabcorp has obtained a rating from a credit rating agency which could be reviewed, suspended, withdrawn or downgraded. The rating agency could also change the methodologies by which it rates Tabcorp. Even though Notes will not be rated, such changes may adversely impact the market price and liquidity of Notes and cash flow timing. Further, Tabcorp's cost of funds, margins, access to capital markets and other aspects of its performance may also be affected if it fails to maintain its credit rating which may in turn affect Tabcorp's ability to fulfil its obligations in respect of Notes.

5.3 Risk factors associated with the Tabcorp Group

5.3.1 Regulation and changes to the regulatory environment

General

The activities of the Tabcorp Group are conducted in highly regulated industries. The gambling activities that members of the Tabcorp Group conduct, and will conduct, and the level of competition that they experience, and will experience, depend to a significant extent on:

- changes in state wagering, betting and gaming tax rates and levies (including EGM levies);
- changes or decisions concerning race fields fees, advertising restrictions and the distribution of gambling products, including through particular channels;
- changes in the Tabcorp Group's arrangements in various Australian States and Territories for pooling of totalisator bets, including as a consequence of the sale of Tote Tasmania to the Tatts Group;
- changes to the enforceability of provisions dealing with aspects of retail exclusivity;
- variations to permitted deduction rates and returns to players;
- variations to arrangements for racing industry funding in Victoria and New South Wales;
- changes to the restrictions on the number, type and location of EGMs and restrictions on the number of gaming venues;
- changes to the conditions in which venues offering products of members of the Tabcorp Group must operate;
- the introduction of additional legislation to guard against money laundering, which increases compliance costs for the Tabcorp Group;
- the introduction of further legislation to implement further responsible gambling measures;
- changes or decisions by government or industry concerning totalisator or fixed odds betting; and
- any other legislative change.

Any non-renewal of licences currently held by members of the Tabcorp Group, or the issue of additional gambling or wagering licences to third parties, would potentially result in the Tabcorp Group not generating the revenue it currently generates from its licences, which could adversely impact the Tabcorp Group's financial performance and financial position.

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5. Investment risks

Changes to the regulatory environment generally

Changes to the regulatory environment in some of the jurisdictions in which the Tabcorp Group operates which have been made or foreshadowed and which may have an adverse effect on the operational and financial performance of the Tabcorp Group include:

- regional capping, which limits the number of EGMs in certain local government areas;
- increasing local government powers over planning applications for gaming venues;
- the implementation of pre-commitment schemes for electronic gaming and online gambling;
- the removal of ATMs from venues with poker machines in Victoria and the introduction of ATM withdrawal limits in venues with poker machines in other jurisdictions;
- certain prohibitions on promotions connected with gambling;
- bans on gaming machine-related signage;
- restrictions on access to credit for wagering account customers;
- bans on autoplay facilities on EGMs;
- bans on high denomination note acceptors on EGMs;
- maximum bet limits for all new EGMs;
- elimination of 24 hour gaming venues outside Crown Casino in Victoria;
- deregulation of the online gambling environment; and
- the potential introduction throughout Australia of further charges on sports betting operators or new or additional sports product fees.

Federal government intervention

The Prime Minister of Australia, the Honourable Julia Gillard MP, announced on 21 January 2012 a plan to tackle problem gambling in Australia, including:

- undertaking a large scale trial of mandatory pre-commitment for EGMs;
- expanding pre-commitment technology to every EGM across Australia to enable mandatory pre-commitment to be implemented if supported by a trial;
- banning the promotion of live odds during sports coverage;
- extending pre-commitment to online betting services;
- regulating the ability of sports betting companies to offer credit; and
- introducing stricter rules around the offering of inducements to bet.

The Commonwealth Government, through the Department of Broadband, Communications and the Digital Economy, is also undertaking a review of the IGA having regard to, amongst other things:

- the growth of online gambling services (both regulated and unregulated) in Australia and overseas, and the risk of this to the incidence of problem gambling; and
- the adequacy of the existing provisions of the IGA, including technical, operational and enforcement issues relating to the prohibition of interactive gambling services and the advertising of such services.

The Department of Broadband, Communications and the Digital Economy is scheduled to present its report to the relevant Minister in the first half of 2012.

The implementation of any regulatory or other initiatives associated with the plan to tackle problem gambling (as announced by the Prime Minister), or as a result of the findings in the report relating to the review of the IGA, may have an adverse financial impact on the Tabcorp Group.

5.3.2 Deregulation and issues around 'retail exclusivity'

The development and advancement of technology and the deregulation of wagering advertising laws has contributed to the growth in market share by the corporate bookmakers which compete with Tabcorp, mostly located in the Northern Territory. Amongst these developments has been the advent of corporate bookmakers' electronic wagering kiosks which were deployed in retail venues in Victoria and NSW. These

developments have the potential to have an adverse impact on the Tabcorp Group's earnings as the market changes occur. The Tabcorp Group continues to adjust its wagering business model to take account of changing market dynamics and to mitigate the adverse consequences of such change.

In 2009, corporate bookmakers' electronic wagering kiosks were installed in venues in Victoria, which enabled retail customers to place bets with a corporate bookmaker licensed in the Northern Territory. The VCGLR seized the kiosks and commenced a prosecution against the owner of the kiosks and the licensee of one of the hotels where a kiosk was installed.

In 2010, Sportsbet Pty Limited commenced a Federal Court challenge against the VCGLR and the State of Victoria contesting on constitutional grounds the relevant provisions in the Gambling Regulation Act which prohibit Sportsbet Pty Limited from operating their own electronic wagering kiosks in Victoria. Tabcorp successfully applied to be joined as a party to the proceedings. In August 2011, the trial judge held that the provisions of the legislation were invalid to the extent that they prohibited Sportsbet Pty Limited from installing and operating electronic wagering kiosks in Victoria. Tabcorp and the State of Victoria have appealed this decision, which is scheduled to be heard by the Full Court of the Federal Court in Melbourne in late February 2012.

In 2010, Sportsbet Pty Limited commenced a Federal Court challenge against the VCGLR and the State of Victoria contesting on constitutional grounds the relevant provisions in the Gambling Regulation Act which prohibit Sportsbet Pty Limited from operating their own electronic wagering kiosks in Victoria. Tabcorp successfully applied to be joined as a party to the proceedings. In August 2011, the trial judge held that the provisions of the legislation were invalid to the extent that they prohibited Sportsbet Pty Limited from installing and operating electronic wagering kiosks in Victoria. Tabcorp and the State of Victoria have appealed this decision, which is scheduled to be heard by the Full Court of the Federal Court in Melbourne in late February 2012.

In light of the above, there is uncertainty over the enforceability of 'retail exclusivity' in both Victoria and New South Wales – that is, the enforceability of provisions in relevant Victorian and New South Wales legislation which seek to prohibit certain wagering activities other than pursuant to a licence granted under the relevant applicable State legislation. It may be that the relevant provisions of the applicable legislation are ultimately found to be unenforceable in so far as they relate to corporate bookmakers' electronic wagering kiosks or found to be unenforceable only in respect of certain retail wagering activities. If 'retail exclusivity' was ultimately found to be unenforceable in whole or in part, this may result in other wagering operators installing electronic wagering kiosks in venues in Victoria and NSW. This may result in a loss of revenue and turnover from retail business generated from the Tabcorp Group's wagering licences and accordingly an impairment may be required to be recorded against one or more of the Tabcorp Group's wagering licenses. The Government may also elect not to enforce the legislation.

5.3.3 Race field fees

Each State or Territory of Australia (except for the Northern Territory) has implemented race fields arrangements, under which the State or Territory or its racing industry charges wagering operators race fields fees for use of that industry's race fields information (or otherwise charges fees in respect of the operator's race betting operations in that State or Territory). Members of the Tabcorp Group currently have contracts with the New South Wales and Victorian racing industries that the Tabcorp Group considers will allow them to offset some of the fees or obtain damages under contract. The Tabcorp Group's Victorian business is presently entitled to off-set race field fees charged to it against the fees it pays under contractual arrangements with the Victorian racing industry. Once the Victorian Wagering and Betting Licence comes into effect, race field fees will no longer be offset but instead will be treated as an expense of the unincorporated joint venture between the Tabcorp Group and the Victorian racing industry. Members of the Tabcorp Group may be in a position to claim compensation for some race field fees under other contractual arrangements. Members of the Tabcorp Group currently disagree with various racing industry bodies regarding the application of certain aspects of the race fields regimes or contracts that govern product fees. Such disagreements may lead to litigation or other dispute resolution processes, including negotiated settlement.

5. Investment risks

It is estimated that the negative profit impact of the race fields fees after offsets and any damages obtained will be in the order of \$38 million per annum before tax until August 2012, at which time it is estimated the negative profit impact will increase to approximately \$55 million per annum to the NSW business. The actual impact may be above or below these estimates. These estimates assume the Tabcorp Group will be compensated for race fields fees of approximately \$25 million per annum paid or payable in New South Wales for racing held in New South Wales.

In addition, there is uncertainty in the industry as to the validity of race fields fees due to litigation brought by certain third party wagering operators. On 11 March 2011, Betfair Australia Pty Ltd and Sportsbet Pty Limited were granted special leave to appeal to the High Court to challenge the basis of race fields fees in New South Wales. These proceedings were held in August and September 2011 and the High Court's decision is awaited.

Further, race fields fees are also being challenged in Victoria. Sportsbet Pty Limited instigated proceedings against Harness Racing Victoria in the Federal Court. Tabcorp intervened in these proceedings, which were held in March and August 2011. The court has not yet handed down its decision. Changes to race fields fees including any changes arising from the decisions of these courts may increase the expenses incurred by the Tabcorp Group or alter the competitive landscape in which the Tabcorp Group operates and therefore reduce the Tabcorp Group's financial performance and financial position.

5.3.4 Disciplinary action and cancellation of the wagering, gaming and other licences

In certain situations (including, potentially, if the Tabcorp Group fails to meet the terms and conditions of its licences or other compliance requirements or Tabcorp ceases to be a suitable person to hold a licence or be associated with a subsidiary of Tabcorp which holds a licence), the licences and authorisations that have been granted to members of the Tabcorp Group may be suspended, cancelled or terminated. As at the date of this Prospectus, no member of the Tabcorp Group has been advised of the existence of any circumstance which is likely to give rise to the suspension or cancellation of any of those licences.

The suspension, cancellation or termination of any of the key licences or authorisations held by a member of the Tabcorp Group would potentially result in a loss of revenue and profit for the Tabcorp Group, which would adversely affect the Tabcorp Group's financial performance and financial position.

5.3.5 Compliance risks

Any failure by members of the Tabcorp Group to meet compliance standards, values and systems at operational levels may increase exposure to a compliance failure, potentially leading to the suspension or loss of applicable gambling licences, in addition to other civil or criminal penalties.

5.3.6 Racing product

The Tabcorp Group's wagering division is reliant on the Victorian, New South Wales and other interstate racing industries providing a program of events for the purposes of wagering. A significant decline in the quality or number of horses or greyhounds, or number of events, or the occurrence of an event which adversely impacts on the Australian racing industry or any State or Territory racing industry, or which otherwise disrupts the scheduled racing program (such as an outbreak of equine influenza or other equine pandemic), would have a significant adverse effect on wagering revenue and may have an adverse effect on the operational and financial performance of the Tabcorp Group.

5.3.7 Divestiture of shares in subsidiaries

In certain circumstances, the New South Wales Minister responsible for administering the NSW Totalizator Act (*NSW Racing Minister*) can compel the divestiture by relevant members of the Tabcorp Group of shares in Tab. Those circumstances might include a change in the shareholders or directors of Tabcorp or in the circumstances applicable to Tabcorp. For example, if a change in the shareholders or directors or circumstances of Tabcorp was considered by the NSW Racing Minister to result in Tabcorp ceasing to be a suitable person to be associated with Tab, an action by the NSW Racing Minister might result in the Tabcorp Group ceasing to own the New South Wales wagering businesses conducted by Tab and its subsidiaries.

The potential for the Tabcorp Group to be required to dispose of shares in the companies holding any of its businesses may have an adverse effect on the operational and financial performance of the Tabcorp Group.

5.3.8 Competition

In a broad sense, gambling activities compete with other consumer products for consumers' discretionary expenditure and, in particular, with other forms of leisure and entertainment including cinema, restaurants, sporting events, the internet and pay television.

Further, the Tabcorp Group's wagering business currently competes with bookmakers in Victoria and New South Wales and other interstate and international wagering operators who accept bets over the telephone or internet (such as corporate bookmakers based in the Northern Territory and betting exchanges). The internet and other new forms of distribution have allowed new competitors to enter the Tabcorp Group's traditional markets of Victoria and New South Wales without those competitors being licensed in those states. Further, recent court decisions, the significant relaxation of advertising laws (or the way in which they have been administered) and the increasing application of competition policy have allowed other wagering operators to gain greater freedom to compete nationally.

Competition from the interstate and international operators may extend to the Tabcorp Group's retail wagering network – see the discussion regarding 'retail exclusivity' above in Section 5.3.2.

If 'retail exclusivity' is ultimately found to be unenforceable in whole or in part, this is likely to result in competitors of the Tabcorp Group installing electronic wagering kiosks in Victoria and NSW. As a result, there is likely to be a change in consumer spending patterns which may result in a reduction in the amount of revenue and profit that the Tabcorp Group generates. Such an outcome could have an adverse effect on the financial performance of the Tabcorp Group.

5.3.9 NSW Wagering Licences exclusivity

The exclusivity period relating to Tab's licences to operate totalizators and conduct fixed odds betting in New South Wales expires in June 2013. The potential licensing of additional wagering operators in New South Wales is a risk factor.

5.3.10 Asset impairment

At each reporting date, the Tabcorp Group assesses whether there is any indication that an asset may be impaired, and, where an indicator of impairment exists, makes a formal estimate of the recoverable amount. Where the carrying amount of an asset exceeds its recoverable amount the asset is considered impaired and is written down to the recoverable amount.

The Tabcorp Group's balance sheet includes \$974.2 million of goodwill allocated to the wagering segment as at 31 December 2011. Impairments of wagering goodwill have been recognised in previous financial periods and the risk of further impairment continues. Adverse changes in assumptions or outcomes in respect of race fields fees, retail exclusivity, competition or other risk factors listed in this Section, as well as new developments that are not currently apparent, could trigger an impairment in the financial year ending 30 June 2012, and subsequent periods, and have a negative impact on the reported financial results of the Tabcorp Group.

As at 31 December 2011, the Tabcorp Group's balance sheet included \$47 million of goodwill related to the Victorian Gaming Licence which expires on 15 August 2012. This goodwill balance will be required to be eliminated by this date. See Section 4.3.1(b) for further information.

5. Investment risks

5.3.11 Minimum financial performance arrangements under new Victorian joint venture

As set out in Section 3.6.1, pursuant to arrangements entered into by the Tabcorp Group in connection with the Victorian Wagering and Betting Licence, certain minimum financial performance arrangements will apply in favour of the Victorian racing industry in respect of the financial years ending 30 June 2013, 30 June 2014 and 30 June 2015. In summary, if the aggregate amounts received or receivable by certain Victorian racing industry entities from the various joint venture and associated arrangements described in Section 3.6.1 (including joint venture distributions and program and product fees) are less than \$337 million, in respect of FY13, or \$342 million, in respect of FY14, a member of the Tabcorp Group will be required to make a payment to a Victorian racing industry entity equal to the difference between the actual amount received or receivable by the relevant Victorian racing industry entities in respect of the relevant financial year and the amount of \$337 million or \$342 million (as the case may be). Similarly, if the aggregate amounts received or receivable by the relevant Victorian racing industry entities in respect of FY13, FY14 and FY15 are less than \$1 billion, a member of the Tabcorp Group will be required to make a payment to a Victorian racing industry entity equal to the difference between the actual amounts received or receivable by the relevant Victorian racing industry entities and \$1 billion. The payment obligations of the Tabcorp Group pursuant to these minimum financial performance arrangements may be reduced in certain circumstances, to take account of the occurrence of matters or circumstances which are beyond the reasonable control of the Tabcorp Group where the matter or circumstance has directly caused a reduction in the amounts which otherwise would have been received or receivable by the relevant Victorian racing industry entities from the joint venture and associated arrangements.

If, in respect of FY13, FY14 or FY15, the amounts received or receivable by the relevant Victorian racing industry entities from the various joint venture and associated arrangements described in Section 3.6.1 are less than the relevant amounts as described above, a member of the Tabcorp Group may be required to make a payment to a Victorian racing industry entity pursuant to the minimum financial performance arrangements that have been entered into. The adverse operational or financial performance of the joint venture established in connection with the Victorian Wagering and Betting Licence during any of the financial years in respect of which the minimum financial performance arrangements apply may result in a member of the Tabcorp Group being required to make a payment to a Victorian racing industry entity, which may have an adverse effect on the financial position and financial performance of the Tabcorp Group.

5.3.12 Litigation and disputes

From time to time, members of the Tabcorp Group become involved in litigation and disputes. While Tabcorp believes it has made appropriate provisions in respect of such litigation and disputes, there is a risk that the resolution of such litigation and disputes may result in those provisions being exceeded. There is also the risk that the Tabcorp Group's reputation may suffer due to the profile of, and public scrutiny surrounding, any such litigation and disputes regardless of their outcome. Further, there is a risk that where litigation or disputes arise between a member of the Tabcorp Group and third parties with whom the Tabcorp Group maintains an ongoing relationship, there may be an adverse effect on such relationships.

5.3.13 Investigations

From time to time, the Tabcorp Group is subject to various regulatory investigations such as tax compliance investigations carried out by the ATO. Past reviews have been completed by the ATO without material adjustment. The outcome of these investigations from time to time may have an adverse effect on the financial performance or financial position of the Tabcorp Group.

5.3.14 Computer system risks

The Tabcorp Group places, and will continue to place, significant reliance on its computer systems for ongoing operations. A prolonged failure of the computer systems operated by the Tabcorp Group and supporting any of its businesses would result in a significant loss of revenue and profit to the Tabcorp Group and may have an adverse effect on the operational and financial performance of the Tabcorp Group.

5.3.15 NSW fixed odds wagering on racing

Tab's ability to continue to offer fixed odds wagering on racing in NSW is subject to approval by Racingcorp Pty Limited. Racingcorp Pty Limited provided its approval on 31 December 2010, but withdrawal of this approval is a risk. If Racingcorp Pty Limited did withdraw its approval, this would result in a reduction in the amount of revenue and profit that the Tabcorp Group generates from fixed odds wagering on racing in NSW.

5.3.16 Sky Channel arrangements

Sky Channel presently holds:

- a substantial parcel of media rights to exploit race meetings from thoroughbred, harness and greyhound clubs and industry bodies within and outside of Australia; and
- more limited media rights to particular events and racing sports and other programs.

The expiry dates for these contracts vary, but almost without exception, these agreements include provisions which provide Sky Channel with an opportunity to negotiate an extended term.

Sky Channel and the Tabcorp Group have entered into a memorandum of understanding with TVN, for negotiated reciprocal rights within Australia to:

- in relation to broadcast the TVN race coverage at both residential and non-residential locations; and
- in relation to TVN, broadcast a more limited element of Sky's coverage at residential and non-residential locations.

The memorandum of understanding with TVN expires in December 2012.

If, for any reason, the Tabcorp Group is unable to renegotiate any of its key broadcast arrangements or is unable to renegotiate such broadcast arrangements on satisfactory terms, then this may adversely impact the operational and financial performance of the Tabcorp Group's wagering division.

5.3.17 Satellite risks

There is a risk that the satellites through which Sky Channel broadcasts cannot receive or transmit signals at any particular time, thereby potentially impacting wagering and sportsbetting revenue. Sky Channel does not have third party insurance covering this risk as its cost is considered prohibitive, however, it has in-principle agreement, and the necessary technical facilities in place, that back-up satellite access would be made available with an alternative provider.

There is nevertheless still a risk of a loss of broadcast coverage if Sky Channel is required to switch from one satellite to another in the event of malfunction.

5.3.18 Liability under transitional services arrangements

Tabcorp provides, or procures the provision of, certain transition services, including general corporate, accounting, finance, tax, IT support and human resource services to Echo Entertainment Group Limited, which was demerged from the Tabcorp Group in June 2011. In performing its obligations under these transitional services arrangements, the Tabcorp Group is exposed to certain risks and incurs certain costs.

Pursuant to the terms governing the transitional arrangements, such arrangements are to continue for a maximum period of up to 2 years following the demerger.

Any breach by the Tabcorp Group of the arrangements, under which it provides these transitional services, could result in the Tabcorp Group incurring a liability.

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5. Investment risks

5.3.19 Employee matters

The Tabcorp Group is reliant upon a number of key senior personnel and the loss of such personnel may have an impact on the performance of the Tabcorp Group. The Tabcorp Group's continued success also depends on its ability to attract and retain qualified and highly skilled management and personnel. As with most other businesses, from time to time it may be difficult for the Tabcorp Group to hire and retain key personnel, and key Tabcorp Group personnel may be sought and hired by competitors of the Tabcorp Group.

5.3.20 Availability and servicing of debt finance

From time to time, the Tabcorp Group will be required to refinance its debt facilities. There is no certainty as to the availability of debt facilities or the terms on which such facilities may be provided to the Tabcorp Group in the future. The Tabcorp Group's ability to refinance its debt on acceptable terms as it becomes due or to repay the debt, its ability to raise further finance on favourable terms for its businesses and to pursue opportunities and its borrowing costs will depend on market conditions and the Tabcorp Group's future operating performance. In particular, the Tabcorp Group may incur higher interest rates and/or additional fees associated with future debt refinancing. If the Tabcorp Group is unable to refinance its debt obligations, or to do so on reasonable terms, this may have an adverse effect on the financial position and performance of the Tabcorp Group and Tabcorp's ability to meet its financial obligations.

The Tabcorp Group's ability to service its debt will depend on its future financial performance and if it is unable to do so, lenders to the Tabcorp Group may act to enforce their rights against it, which may impact the Tabcorp Group's financial or operating performance.

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6. About the Offer

6. About the Offer

Information about the Offer including the Offer's key dates and the Offer Period is included in Section 1. This Section provides further information about the Offer, including how to apply.

6.1 The Offer

Topic	Summary
How is the Offer structured?	<ul style="list-style-type: none"> The Offer comprises: <ul style="list-style-type: none"> an Institutional Offer to certain Institutional Investors; a Broker Firm Offer made to Australian resident retail clients of Syndicate Brokers; a Securityholder Offer made to Eligible Securityholders; and a General Offer made to members of the general public who are resident in Australia.
Is any brokerage, commission or stamp duty payable?	<ul style="list-style-type: none"> No brokerage, commission or stamp duty is payable by Applicants on applications. You may be required to pay brokerage if you sell your Notes on ASX after Notes have been quoted on ASX.
Will application monies be held on trust?	<ul style="list-style-type: none"> All application monies received before Notes are issued will be held by Tabcorp on trust in an account established solely for the purposes of depositing application monies received. Any interest that accrues in that account will be retained by Tabcorp. After Notes are issued to successful Applicants, the application monies held on trust will be payable to Tabcorp.
How will refunds (if any) be made?	<ul style="list-style-type: none"> If you are not issued any Notes or you are issued fewer Notes than the number that you applied and paid for as a result of a scale back, all or some of your application monies (as applicable) will be refunded to you (without interest) as soon as practicable after the Issue Date. If the Offer does not proceed for any reason, all Applicants will have their application monies refunded (without interest) as soon as practicable.
Do I need to provide my TFN or ABN?	<ul style="list-style-type: none"> You do not have to provide your TFN or ABN and it is not an offence if you fail to do so. However, Tabcorp may be required to withhold Australian tax at the maximum marginal tax rate on the amount of any Interest Payment unless you provide one of the following: <ul style="list-style-type: none"> TFN; TFN exemption number (if applicable); or ABN (if Notes are held in the course of an enterprise carried on by you). The collection and quotation of TFNs and ABNs are authorised, and their use and disclosure is strictly regulated, by tax laws and the Privacy Act.

Topic	Summary
How to obtain a copy of the Prospectus and Application Form?	<ul style="list-style-type: none"> • During the Exposure Period, an electronic version of this Prospectus (without an Application Form) will be available at www.tabcorp.com.au/notes. Application Forms will not be made available until after the Exposure Period. • During the Offer Period, an electronic version of the Prospectus with an Application Form will be available at www.tabcorp.com.au/notes and may be available through your Syndicate Broker. • The following conditions apply if this Prospectus is accessed electronically. <ul style="list-style-type: none"> • You must download the entire Prospectus. • Your Application will only be considered where you have applied on an Application Form that was attached to or accompanied by a copy of this Prospectus. • This Prospectus is available to you electronically only if you are accessing and downloading or printing the electronic copy of the Prospectus in Australia. • During the Offer Period, you can also request a free paper copy of this Prospectus and an Application Form by calling the Tabcorp Offer Information Line on 1300 665 661 or +61 2 8280 7418 (for overseas callers), Monday to Friday – 8.30am to 5.30pm (Melbourne time). • The Corporations Act prohibits any person from passing the Application Form on to another person unless it is attached to, or accompanied by, a printed copy of this Prospectus or the complete and unaltered electronic version of this Prospectus. • Your Application will only be considered where you have applied pursuant to an Application Form (either electronic or paper) that was attached to, or accompanied by, a copy of the Prospectus, and have provided your application monies.

6. About the Offer

6.2 How to apply

6.2.1 Eligibility, timing and process for applying

Who can apply?	How many Notes can be applied for?	When to apply ^{11,12}
<p>Securityholder Applicants, under the Securityholder Offer – that is, a holder of Ordinary Shares and/ or Tabcorp Bonds at 7.00pm on 9 February 2012 who is resident in Australia applying through the Securityholder Offer.</p>	<ul style="list-style-type: none"> Your Application must be for a minimum of 50 Notes (\$5,000). If your Application is for more than 50 Notes, then you must apply in incremental multiples of 10 Notes – that is, for incremental multiples of \$1,000. 	<ul style="list-style-type: none"> Applications will only be accepted during the Offer Period, which is expected to open on 22 February 2012. The Closing Date for the Securityholder Offer is 5.00pm (Melbourne time) on 14 March 2012. Your completed personalised paper Securityholder Offer Application Form or online Application Form and application monies must be received by the Registry by the Closing Date.
<p>General Applicants, under the General Offer – that is, a member of the general public who is resident in Australia applying through the General Offer.</p>	<ul style="list-style-type: none"> Your Application must be for a minimum of 50 Notes (\$5,000). If your Application is for more than 50 Notes, then you must apply in incremental multiples of 10 Notes – that is, for incremental multiples of \$1,000. 	<ul style="list-style-type: none"> Applications will only be accepted during the Offer Period, which is expected to open on 22 February 2012. The Closing Date for the General Offer is 5.00pm (Melbourne time) on 14 March 2012. Your completed paper Application Form or online Application Form and application monies must be received by the Registry by the Closing Date.

¹¹ The key dates for the Offer are indicative only and may change. Tabcorp, in consultation with the Joint Lead Managers, may extend the Offer, close the Offer early without notice, accept late Applications (either generally or in particular cases), or withdraw the Offer at any time before Notes are issued.

¹² The Securityholder Offer and General Offer have a different Closing Date to the Broker Firm Offer to allow sufficient time for the processing of cheques received with Applications made under the Securityholder Offer and General Offer.

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How do I apply online?

- You can apply online at www.tabcorp.com.au/notes.
- Instructions on how to complete your Application are provided online.
- You will be asked to identify the holding that gives you the entitlement to apply by providing your SRN or HIN which can be found on your holding statement or payment advice.
- When applying online, you will be required to pay for Notes using BPay®.

- You can apply online at www.tabcorp.com.au/notes.
- Instructions on how to complete your Application are provided online.
- When applying online, you will be required to pay for Notes using BPay®.

How do I apply using a paper Application Form?

- You can request a paper copy of the Prospectus and your personalised Securityholder Offer Application Form by calling the Tabcorp Offer Information Line on 1300 665 661 or +61 2 8280 7418 (for overseas callers), Monday to Friday – 8.30am to 5.30pm (Melbourne time).
- Instructions on how to complete your personalised Securityholder Offer Application Form are set out on the Application Form. You will be required to pay for Notes by 21 March 2012 by cheque(s) and/or money order(s). If you wish to pay by BPay® you need to make an online Application or use the BPay® instructions on the personalised paper Securityholder Offer Application Form.
- If you pay by cheque or money order, you will be required to post your completed personalised paper Securityholder Offer Application Form to the Registry. If paying by BPay® you do not need to complete or return the Application Form.

- There are paper Application Forms in the back of the Prospectus (that is expected to be available from 22 February 2012) that should be used by General Applicants.
- You can request a paper copy of the Prospectus and paper Application Form by calling the Tabcorp Offer Information Line on 1300 665 661 or +61 2 8280 7418 (for overseas callers), Monday to Friday – 8.30am to 5.30pm (Melbourne time).
- Instructions on how to complete the paper Application Form are set out on the Application Form.
- If applying using the paper Application Form, you will be required to pay for Notes using cheque(s) and/or money order(s) and if you wish to pay by BPay® you need to make an online Application.
- You will be required to post your completed paper Application Form to the Registry.

6. About the Offer

Who can apply?	How many Notes can be applied for?	When to apply ^{11,12}
<p>Broker Firm Applicants, under the Broker Firm Offer – that is, a retail client of a Syndicate Broker who is resident in Australia invited to participate through the Broker Firm Offer.</p>	<ul style="list-style-type: none"> Your Application must be for a minimum of 50 Notes (\$5,000). If your Application is for more than 50 Notes, then you must apply in incremental multiples of 10 Notes – that is, for incremental multiples of \$1,000. 	<ul style="list-style-type: none"> Applications will only be accepted during the Offer Period, which is expected to open on 22 February 2012. The Closing Date for the Broker Firm Offer is 10.00am on 21 March 2012. Your completed Application Form and application monies must be received by your Syndicate Broker in accordance with arrangements made between you and your Syndicate Broker.
<p>Institutional Investors, under the Institutional Offer – that is, an investor who is invited by UBS to bid for Notes in the Bookbuild, who is applying through the Institutional Offer.¹³</p>	<ul style="list-style-type: none"> Your Application must be for a minimum of 50 Notes (\$5,000). If your Application is for more than 50 Notes, then you must apply in incremental multiples of 10 Notes – that is, for incremental multiples of \$1,000. 	<ul style="list-style-type: none"> The Bookbuild will be conducted on 21 February 2012.

¹³ Notes may be offered in a jurisdiction outside Australia under the Institutional Offer where such offer is made in accordance with the laws of that jurisdiction—see Section 6.5.2.

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How do I apply online?

- Contact your Syndicate Broker for instructions.

How do I apply using a paper Application Form?

- There are paper Application Forms in the back of the Prospectus (that is expected to be available from 22 February 2012) that should be used by Broker Firm Applicants.
- General instructions on how to complete the paper Application Form are set out on the Application Form.
- You must contact your Syndicate Broker for their specific instructions on how to submit the paper Application Form and your application monies to your Syndicate Broker.
- You must not return your paper Application Form to the Registry.
- Your Syndicate Broker must have received your completed paper Application Form and application monies in time to arrange settlement on your behalf by the Closing Date for the Broker Firm Offer – being 10.00am (Melbourne time) on 21 March 2012; and will act as your agent in processing your paper Application Form and providing your application details and application monies to Tabcorp.

- Application and settlement procedures for Institutional Investors will be advised by UBS.

6. About the Offer

6.2.2 How to make payments

Online Applications

Securityholder Offer	<ul style="list-style-type: none"> • If you apply using an online Application Form, you must complete your application by making a BPay® payment. • Once you have completed your online Application Form, you will be given a BPay® biller code and unique Customer Reference Number for that application. Follow the BPay® instructions below to complete your application. • If you do not make a BPay® payment, your application will be incomplete and will not be accepted by Tabcorp. • To pay by BPay® using the BPay® details provided, you need to: <ul style="list-style-type: none"> • access your participating BPay® financial institution either through telephone banking or internet banking; • select BPay® and follow the prompts; • enter the biller code supplied; • enter the unique Customer Reference Number supplied for each application; • enter the total amount to be paid which corresponds to the number of Notes you wish to apply for under each application (that is, a minimum of \$5,000 – 50 Notes, and incremental multiples of \$1,000 – 10 Notes). Note that your financial institution may apply limits on your use of BPay® and that you should make enquiries about the limits that apply in your own personal situation; • select the account you wish your payment to be made from; • schedule your payment for the same day that you complete your online Application Form since Applications without payment cannot be accepted; and • record your BPay® receipt number and date paid. Retain these details for your records. • BPay® payments must be made from an Australian dollar account of an Australian financial institution. • Your completed online Application Form and application monies must be received by the Registry by the Closing Date.
General Offer	<ul style="list-style-type: none"> • If you apply using an online Application Form, you must complete your Application by making a BPay® payment. Follow the BPay® instructions above under the heading “Securityholder Offer” to complete your Application. • Your completed online Application Form and application monies must be received by the Registry by the Closing Date.
Broker Firm Offer	<ul style="list-style-type: none"> • Contact your Syndicate Broker for instructions.

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Paper Application Form

- If you apply under the Securityholder Offer using a personalised paper Securityholder Offer Application Form, your completed Application Form must be accompanied by application monies in the form of cheque(s) and/or money order(s) drawn on an Australian dollar account of a financial institution and made payable to 'Tabcorp Offer'.
- Cheque(s) should be crossed 'Not Negotiable'. Cash payments will not be accepted.
- If you wish to pay by BPay®, follow the instructions on the personalised paper Securityholder Offer Application Form or make an online application.
- Your completed personalised paper Securityholder Offer Application Form and application monies must be received by the Registry by the Closing Date.

- If you apply under the General Offer using a paper Application Form, your completed Application Form must be accompanied by application monies in the form of cheque(s) and/or money order(s) drawn on an Australian dollar account of a financial institution and made payable to 'Tabcorp Offer'.
- Cheque(s) should be crossed 'Not Negotiable'. Cash payments will not be accepted.
- You cannot pay by BPay® if you apply under the General Offer using a paper Application Form. If you wish to pay by BPay®, you need to make an online application.
- Your completed paper Application Form and application monies must be received by the Registry by the Closing Date.

- You must contact your Syndicate Broker for information on how to submit the paper Application Form and your application monies to your Syndicate Broker.

6. About the Offer

6.3 Allocation policy

Online Applications	
Securityholder Offer and General Offer	<ul style="list-style-type: none"> • Allocations for the Securityholder Offer and the General Offer will be determined by Tabcorp and the Joint Lead Managers after the Closing Date. • Tabcorp will endeavour to provide Eligible Securityholders with a minimum allocation under the Securityholder Offer of at least 50 Notes. However, Tabcorp does not guarantee any minimum allocation under the Securityholder Offer and the extent of any allocation will ultimately depend on the total level of Applications. • Tabcorp (at its discretion and in consultation with the Joint Lead Managers) reserves the right to scale back Applications from Securityholder Applicants and General Applicants. Any scale back will be announced on ASX on the day Notes commence trading on a deferred settlement basis – expected to be 23 March 2012. • If there is excess demand for Notes, priority will be given to Securityholder Applicants over General Applicants. • Tabcorp, after consultation with the Joint Lead Managers, has absolute discretion to determine the method and extent of the allocation. • Tabcorp (at its discretion and in consultation with the Joint Lead Managers) and the Joint Lead Managers reserve the right to: <ul style="list-style-type: none"> • allocate to any Securityholder Applicant or General Applicant all Notes for which they have applied; • reject any application by a Securityholder Applicant or a General Applicant; or • allocate to any Securityholder Applicant or General Applicant a lesser number of Notes than that applied for, including less than the minimum application of Notes or none at all. • No assurance is given that any Securityholder Applicant or General Applicant will receive an allocation. • If you are an Applicant in the Securityholder Offer or General Offer, you will be able to call the Tabcorp Offer Information Line on 1300 665 661 or +61 2 8280 7418 (for overseas callers), Monday to Friday – 8.30am to 5.30pm (Melbourne time), to confirm your allocation. It is expected that this information will be advertised in The Sydney Morning Herald, The Melbourne Age, The Australian and The Australian Financial Review on or about 22 March 2012. • However, if you sell Notes before receiving a Holding Statement, you do so at your own risk, even if you obtained details of your holding from the Tabcorp Offer Information Line on 1300 665 661 or +61 2 8280 7418 (for overseas callers), Monday to Friday – 8.30am to 5.30pm (Melbourne time).
Broker Firm Offer	<ul style="list-style-type: none"> • Allocations to Syndicate Brokers will be determined by the Joint Lead Managers and Tabcorp following completion of the Bookbuild. • Allocations to Broker Firm Applicants by a Syndicate Broker are at the discretion of that Syndicate Broker. • Allocations to Syndicate Brokers will be advised to those brokers under the Bookbuild. • Applicants under the Broker Firm Offer will also be able to confirm their firm allocation through the Syndicate Broker from whom they received their allocation. • However, if you sell Notes before receiving a Holding Statement, you do so at your own risk, even if you confirmed your firm allocation through a Syndicate Broker.
Institutional Offer	<ul style="list-style-type: none"> • Allocations to Institutional Investors will be determined by UBS and Tabcorp following completion of the Bookbuild. • Allocations to Institutional Investors will be advised to those investors under the Bookbuild.

6.4 Enquiries

Securityholder Offer and General Offer

You can call the Tabcorp Offer Information Line on 1300 665 661 or +61 2 8280 7418 (for overseas callers), Monday to Friday – 8.30am to 5.30pm (Melbourne time), if you:

- have further questions on how to apply for Notes;
- require assistance to complete your Application Form;
- require additional copies of this Prospectus and Application Forms; or
- have any other questions about the Offer.

If you are unclear in relation to any matter relating to the Offer or are uncertain whether Notes are a suitable investment for you, you should consult your financial adviser or other professional adviser.

Broker Firm Offer and Institutional Offer

If you have further questions about your Broker Firm application, please call your Syndicate Broker. If you have further questions about the Institutional Offer, please contact UBS.

6.5 Other information

6.5.1 Bookbuild

The Joint Lead Managers will conduct a Bookbuild to determine the Margin and firm allocations of Notes to Bookbuild participants. The Bookbuild is expected to be conducted on 21 February 2012 in accordance with the terms and conditions agreed by Tabcorp and the Joint Lead Managers. As part of the Bookbuild, certain Institutional Investors and Syndicate Brokers will be invited to lodge bids for Notes. On the basis of those bids, Tabcorp and the Joint Lead Managers will determine the Margin and the firm allocations of Notes to Syndicate Brokers. Tabcorp and UBS will determine the firm allocations to certain Institutional Investors. Notes allocated during the Bookbuild will be issued pursuant to this Prospectus.

The Margin set by the Bookbuild is expected to be announced on 22 February 2012 to ASX and included in a replacement prospectus to be lodged with ASIC. Details will also be available by calling the Tabcorp Offer Information Line on 1300 665 661 or +61 2 8280 7418 (for overseas callers), Monday to Friday – 8.30am to 5.30pm (Melbourne time), from on or about 22 February 2012.

Application and settlement procedures for the Bookbuild will be notified to Syndicate Brokers by the Joint Lead Managers, and to Institutional Investors by UBS.

6.5.2 Restrictions on distribution

No action has been taken to register or qualify this Prospectus, Notes or the Offer or otherwise to permit a public offering of Notes in any jurisdiction outside Australia.

This Prospectus does not constitute an offer or invitation to subscribe for Notes in any jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or invitation or issue under this Prospectus.

This Prospectus may not be released or distributed by you in the United States, and may only be distributed to persons to whom the Offer may lawfully be made in accordance with the laws of any applicable jurisdiction.

Hong Kong

WARNING: This document has not been, and will not be, registered as a prospectus under the Companies Ordinance (Cap. 32) of Hong Kong (the **Companies Ordinance**), nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the **SFO**). No action has been taken in Hong Kong to authorise or register this Prospectus or to permit the distribution of this Prospectus or any documents issued in connection with it. Accordingly, the Notes have not been and will not be offered or sold in Hong Kong by means of any

6. About the Offer

document, other than (i) to 'professional investors' (as defined in the SFO) or (ii) in other circumstances that do not result in this Prospectus being a 'prospectus' (as defined in the Companies Ordinance) or that do not constitute an offer to the public within the meaning of that ordinance.

No advertisement, invitation or document relating to the Notes has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors (as defined in the SFO and any rules made under that ordinance). No person allotted Notes may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.

The contents of this Prospectus have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the Offer. If you are in doubt about any contents of this Prospectus, you should obtain independent professional advice.

New Zealand

This Prospectus has not been registered, filed with or approved by any New Zealand regulatory authority under or in accordance with the Securities Act 1978 (New Zealand). The Notes are not being offered or sold within New Zealand, or allotted with a view to being offered for sale in New Zealand, and no person in New Zealand may accept the Offer other than:

- persons whose principal business is the investment of money or who, in the course of and for the purposes of their business, habitually invest money; or
- persons who are each required to: (i) pay a minimum subscription price of at least NZ\$500,000 for the securities before allotment, or (ii) have previously paid a minimum subscription price of at least NZ\$500,000 for securities of Tabcorp (**initial securities**) in a single transaction before the allotment of such initial securities and such allotment was not more than 18 months prior to the date of this Prospectus.

Singapore

This Prospectus and any other materials relating to the Notes have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this Prospectus and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of Notes, may not be issued, circulated or distributed, nor may the Notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part XIII of the Securities and Futures Act, Chapter 289 of Singapore (the **SFA**), or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA.

This Prospectus has been given to you on the basis that you are: (i) an 'institutional investor' (as defined in the SFA), or (ii) a 'relevant person' (as defined under section 275(2) of the SFA). In the event that you are not an investor falling within any of the categories set out above, please return this Prospectus immediately. You may not forward or circulate this Prospectus to any other person in Singapore.

Any offer is not made to you with a view to the Notes being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire Notes. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

United States of America

This Prospectus does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States. Any Notes described in this Prospectus have not been, and will not be, registered under the Securities Act and may not be offered or sold in the United States or to, or for the account or benefit of, U.S. Persons except in accordance with an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and any other applicable securities laws.

Each Broker Firm Applicant, and each person to whom the Institutional Offer is made under this Prospectus, will be taken to have represented, warranted and agreed as follows:

- It understands that the Notes have not been, and will not be, registered under the Securities Act or the securities law of any State of the United States and may not be offered, sold or resold in the United States except in a transaction exempt from, or not subject to, registration under the Securities Act and any other applicable securities laws;
- If a person referred to in this Section is in a jurisdiction outside Australia, it is a person to whom this Prospectus may be distributed, or Notes offered or sold, in accordance with this Section without lodgement, filing or registration of this Prospectus with any government authority of that jurisdiction;
- It is not in the United States and is not a U.S. Person;
- Neither it, any of its affiliates nor any person acting on its behalf has or will, with respect to the Notes, engage in any directed selling efforts within the meaning of Regulation S under the Securities Act; and
- Neither it, any of its affiliates nor any person acting on its behalf will offer, sell or resell the Notes in the United States or in any other jurisdiction outside Australia except in transactions exempt from, or not subject to, registration under the Securities Act and in compliance with all applicable laws in the jurisdiction in which Notes are offered and sold.

6.5.3 Application to ASX for quotation of Notes

Tabcorp will apply to ASX within seven days after the date of this Prospectus for the Notes to be quoted on ASX. If ASX does not grant permission for the Notes to be quoted within three months after the date of this Prospectus, the Notes will not be issued and all application monies will be refunded (without interest) to Applicants as soon as practicable.

If the Notes are accepted for quotation on ASX, Tabcorp expects to issue the Notes on or about 22 March 2012.

6.5.4 CHESS and issuer sponsored holdings

Tabcorp will apply to participate in CHESS and will comply with the Listing Rules and the ASX Settlement Operating Rules. CHESS is an electronic transfer and settlement system for transactions in securities quoted on ASX under which transfers are effected in an electronic form.

When Notes become approved financial products (as defined in the ASX Settlement Operating Rules), holdings will be registered in one of two sub-registers, an electronic CHESS sub-register or an issuer sponsored sub-register. For all successful Applicants, Notes of a Holder who is a participant in CHESS or a Holder sponsored by a participant in CHESS will be registered on the CHESS sub-register. All other Notes will be registered on the Tabcorp sponsored sub-register.

Following completion of the Offer, Holders will be sent a Holding Statement that sets out the number of Notes that have been allocated to them. This statement will also provide details of a Holder's Holder Identification Number (*HIN*) for CHESS holders or, where applicable, the Securityholder Reference Number (*SRN*) of issuer sponsored holders. It is expected that Holding Statements for issuer sponsored Holders and confirmations for CHESS holders will be despatched to successful Applicants by 26 March 2012. Certificates will not be issued.

Holders will receive subsequent statements during the first week of the following month if there has been a change to their holding on the register and as otherwise required under the Listing Rules and the Corporations Act. Additional statements may be requested at any other time either directly through the Holder's sponsoring broker in the case of a holding on the CHESS sub-register or through the Registry in

6. About the Offer

the case of a holding on the Tabcorp sponsored sub-register. Tabcorp and the Registry may charge a fee for these additional issuer sponsored statements.

6.5.5 Deferred settlement trading and selling Notes on market

It is expected that trading of Notes on ASX will commence on or about 23 March 2012 on a deferred settlement basis.

It is the responsibility of each person who trades in Notes to confirm their holding before trading. If you sell Notes before receiving a Holding Statement, you do so at your own risk. Tabcorp, the Registry and the Joint Lead Managers disclaim all liability, whether in negligence or otherwise, if you sell Notes before receiving your Holding Statement, even if you obtained details of your holding from the Tabcorp Offer Information Line or confirmed your firm allocation through a Syndicate Broker.

Notes are expected to commence trading on ASX on or about 27 March 2012 on a normal settlement basis.

6.5.6 Discretion regarding the Offer

Tabcorp reserves the right not to proceed with the Offer at any time before the issue of Notes to successful Applicants.

Tabcorp may withdraw the Offer at any time before the issue of Notes to successful Applicants. If the Offer, or any part of it, does not proceed, all relevant application monies will be refunded (without interest).

Tabcorp and the Joint Lead Managers also reserve the right to close the Offer or any part of it early, extend the Offer or any part of it, accept late Applications or bids either generally or in particular cases, reject any application or bid, or allocate to any Applicant or bidder fewer Notes than applied or bid for.

Investors should also note that no cooling off rights (whether by law or otherwise) apply to an investment in Notes. This means that, in most circumstances, Applicants may not withdraw their Applications once submitted.

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7. Taxation summary

7. Taxation summary

The following is a general summary of the Australian taxation consequences for investors in the Notes.

This summary deals only with the tax consequences for investors who hold their Notes on capital account and who are not associates of Tabcorp for the purposes of the Australian tax laws. It is not exhaustive and, in particular, does not deal with the position of certain classes of Holders including dealers in securities and investors who otherwise hold Notes on revenue account, custodians or other third parties who hold Notes on behalf of any beneficial owner of Notes. This summary is limited to the effect of Australian law, as in effect at the date of this Prospectus, and assumes that Notes will be offered and issued on the terms, and otherwise in the manner described, in the Prospectus.

The following is a general guide and should be treated with appropriate caution. Prospective Holders should be aware that the actual tax consequences of their acquisition, ownership and disposal of Notes may differ depending on their individual circumstances. Prospective Holders should consult their own professional advisers on the tax implications of an investment in Notes in their individual circumstances.

In this summary, references to the **Tax Act** are to the *Income Tax Assessment Act 1936* or the *Income Tax Assessment Act 1997*, as the context requires.

7.1 Interest on Notes

Division 974 of the Tax Act contains tests for characterising debt (for all entities) and equity (for companies) for Australian tax purposes. Notes would be debt interests, subject to certain factual criteria being met. Tabcorp expects those factual criteria to be met, in which case Notes would be characterised as debt interests. On that basis:

- Notes will not be equity interests for the purposes of the Tax Act and Interest on Notes will not be frankable distributions;
- Notes will not be subject to the general carve-out from the taxation of financial arrangements (**TOFA**) rules in Division 230 of the Tax Act for most equity interests (subject to a Holder making certain elections under those rules); and
- the interest withholding tax rules, rather than the dividend withholding tax rules, will apply to Interest on Notes payable to Holders who are not residents of Australia.

7.1.1 Australian resident Holders

Interest received by Australian resident Holders on Notes will be included in their assessable income. The timing of when such Interest is to be included in the assessable income of the Holders depends upon their tax profiles and, in particular, whether and how the TOFA rules in Division 230 of the Tax Act apply to each Holder.

The TOFA rules generally do not apply to:

- (a) individuals;
- (b) superannuation funds and managed investment funds with assets of less than \$100 million; and
- (c) other entities with aggregated turnover of less than \$100 million, financial assets of less than \$100 million and assets of less than \$300 million.

For Holders who are not subject to the TOFA rules, Interest should generally be included in their assessable income in the year of income in which payments of Interest are received.

For Holders who are subject to the TOFA rules, there are potentially different methods for recognising Interest on Notes depending upon whether relevant elections are made by Holders under those rules. However, in the absence of relevant elections, such Holders would generally be expected to include the Interest in their income tax returns on a compounding accruals basis over the life of Notes.

The TOFA rules are complex and Holders who are subject to the TOFA rules should seek their own tax advice in relation to the application of those rules to their investment in Notes.

The Australian Government has announced an intention to amend the Tax Act to allow individuals to exclude certain limited amounts of interest income from their assessable income. To date no legislation has been introduced to give effect to those proposals.

7.1.2 Non-resident Holders

It is intended that Notes will be issued in a manner that will cause the Interest to be exempt from Australian interest withholding tax under section 128F of the Tax Act.

If the requirements of section 128F are satisfied with respect to Notes, Interest paid to a Holder who is a non-resident of Australia and who does not hold Notes in the course of carrying on business at or through a permanent establishment in Australia, will not be subject to Australian interest withholding or other income tax.

If a non-resident Holder holds Notes through a permanent establishment in Australia, then the Interest will be included in the assessable income of the Holder and interest withholding tax will not apply to those distributions.

7.2 Transfer or redemption of Notes

7.2.1 Australian resident Holders

The basis upon which assessable income will be recognised and deductions allowed for gains or losses made by Australian resident Holders on the transfer or redemption of Notes will depend upon the tax profile of each Australian resident Holder and, in particular, whether and how the TOFA rules in Division 230 of the Tax Act apply to the Holder.

Holders not subject to TOFA rules

For Holders who are not subject to the TOFA rules, Notes will be taxed as 'traditional securities' under Australian tax law. When a 'traditional security' is disposed of, any net gain will be taxed as ordinary income and any net loss will generally be deductible. The capital gains tax rules will generally have no practical application for the Holder in relation to a 'traditional security' and a Holder will not, for example, be entitled to claim the capital gains tax discount in respect of a gain on disposal, nor apply capital losses against the gain.

Under the 'traditional security' rules, Holders may derive an assessable gain or incur a deductible loss on the disposal of their Notes equal to the difference between the proceeds of the disposal and the cost of their Notes in the year of income in which the disposal takes place.

For a Holder who acquires Notes under this Prospectus, the cost of Notes will include their issue price, which will equal the Face Value of the Notes.

The proceeds from a sale, transfer or other similar disposal of a Note will be the gross amount received by the Holder. The proceeds from a redemption of a Note will be the amount paid on redemption less any amount referable to accrued but unpaid Interest which will be separately included in a Holder's assessable income as described above.

Holders subject to TOFA rules

For Holders who are subject to the TOFA rules, there may be a balancing adjustment to bring to account any outstanding gains or losses on the disposal of Notes having regard to the total amount of Interest received by the Holder in respect of Notes and the proceeds of the disposal of Notes. In general terms, in relation to a Note that is disposed of during a year of income, a balancing adjustment will give rise to:

- (a) an allowable deduction if too much assessable income has been accrued under the TOFA rules; or
- (b) an amount of assessable income if not enough assessable income has been accrued under the TOFA rules.

The TOFA rules are complex and Holders should seek their own tax advice in relation to the application of the TOFA rules to their investment in Notes.

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7. Taxation summary

7.2.2 Non-resident Holders

Sale or transfer of Notes

A Holder who is a non-resident of Australia and who has not at any time held Notes in the course of carrying on business at or through a permanent establishment in Australia, will not be subject to Australian income tax on gains realised during that year on a sale or transfer of Notes, provided such gains do not have an Australian source.

The source of a gain from the disposal of a security is determined from weighing all the relevant factors, including the location of the security, the place at which the contract to sell the security is concluded and the place at which the decision to sell the security is made. A gain arising on the sale of Notes by a non-Australian resident Holder to another non-Australian resident where Notes are sold outside Australia and all negotiations are conducted, and documentation executed, outside Australia should not be regarded as having an Australian source. However, the Commissioner of Taxation has previously expressed the non-binding view that gains arising from the sale of securities listed on ASX have an Australian source on the basis that the contracts for the sale of such securities are made in Australia by the relevant stock-broker on behalf of the seller.

The issue of source depends upon the particular facts and circumstances of a transaction and non-resident Holders should take independent taxation advice in respect of the application of the Australian tax source rules to their particular facts and circumstances in the context of a disposal of Notes.

Where a gain on the disposal of a Note is subject to Australian tax because it is taken to have an Australian source, either the Australian tax law relating to traditional securities or the TOFA provisions will apply to tax that gain (depending upon whether the Holder is subject to TOFA) and not the Australian capital gains tax provisions.

Even where a gain on disposal has an Australian source, a Holder who is a non-resident of Australia may be entitled to an exemption from Australian tax under an applicable double tax treaty between Australia and the country of residence of that Holder, depending upon the terms of the applicable treaty and that Holder's individual circumstances.

Redemption of Notes

A Holder who is a non-resident of Australia and who has not at any time held Notes in the course of carrying on business at or through a permanent establishment in Australia, will not be subject to Australian income tax on gains realised during that year on the redemption of Notes provided such gains do not have an Australian source.

If such a gain were taken to have an Australian source, the amount by which the Redemption Amount exceeds the amount of capital originally subscribed for Notes should not be subject to Australian income tax on the basis that that amount is in the nature of interest and, therefore, exempt by virtue of sections 128F and 128D of the Tax Act.

Where there is a gain on the redemption of Notes that is in addition to the amount by which the Redemption Amount exceeds the amount of capital originally subscribed for Notes, for example, by virtue of Notes having been purchased on-market at an amount below their issue price, it is not clear that such an additional gain would not have an Australian source. If such an additional gain did have an Australian source and would otherwise be subject to Australian income tax, a Holder who is a non-resident of Australia may be entitled to an exemption under an applicable double tax treaty between Australia and the country of residence of that Holder, depending upon the terms of the applicable treaty and that Holder's individual circumstances.

Non-resident Holders should take independent taxation advice in respect of the application of the Australian tax source rules and any applicable double tax treaty to their particular facts and circumstances in the context of a redemption of Notes.

7.3 TFN/ABN withholding tax

Section 12-140 of the *Taxation Administration Act 1953* (**TAA**) imposes a type of withholding tax at the rate of (currently) 46.5 per cent on the payment of interest on certain securities unless the relevant payee has quoted an Australian TFN, (in certain circumstances) an ABN or proof of some other exemption (as appropriate). Assuming the requirements of section 128F of the Tax Act are satisfied with respect to Notes, then the requirements of section 12-140 of the TAA do not apply to payments to the Holders of Notes in registered form who are not residents of Australia and who do not hold their Notes in the course of carrying on business at or through a permanent establishment in Australia.

Payments to other classes of Holders of Notes may be subject to withholding tax where the Holder does not quote a TFN, ABN or provide proof of an appropriate exemption (as appropriate).

7.4 GST

Neither the issue nor receipt of Notes will give rise to a liability for GST in Australia on the basis that the supply of Notes will comprise either an input taxed financial supply or (in the case of an offshore subscriber) a GST-free supply. Furthermore, neither the payment of Interest or the Redemption Amount by Tabcorp, nor the disposal of Notes, would give rise to any GST liability in Australia.

7.5 Stamp and other duties

No stamp duty will be payable by a Holder on the acquisition, sale, redemption, or transfer of Notes, so long as Notes are quoted on ASX (as the Prospectus states is Tabcorp's intention) and no Holder (on an associate-inclusive basis) will hold an interest (as respectively defined in the landholder stamp duty provisions of New South Wales, Queensland, South Australia, Western Australia and the Northern Territory) of 90% or more in Tabcorp (including in Tabcorp's Ordinary Shares).

Notes will not be subject to death, estate or succession duties imposed by Australia, or by any political subdivision or authority therein having power to tax, if held at the time of death.

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8. Key people, interests and benefits

8. Key people, interests and benefits

This Section provides information about the directors and key managers of Tabcorp, the interests of people involved in the Offer and any benefits they may receive.

8.1 Board of Directors

The Directors bring to the Board relevant expertise and skills, including industry and business knowledge, financial management and corporate governance experience.

Director	
Paula Dwyer Chairman and Non Executive Director	<p><i>Experience and expertise</i></p> <ul style="list-style-type: none"> • Ms Dwyer has been the Chairman of Tabcorp since June 2011 and a non-executive Director since August 2005. • Ms Dwyer had an executive career in finance holding senior positions in investment management, investment banking and chartered accounting with Ord Minnett (now JP Morgan) and PricewaterhouseCoopers. • Ms Dwyer is a Director of Suncorp Group Limited and Leighton Holdings Limited. She is also a Member of the Takeovers Panel and Deputy Chairman of the Baker IDI Heart and Diabetes Institute. • Ms Dwyer was formerly a director of Foster's Group Limited, Healthscope Limited, David Jones Limited, Astro Japan Property Group Limited and is a former member of the Victorian Casino and Gaming Authority and of the Victorian Gaming Commission from 1993 to 1995. • Ms Dwyer is Chairman of the Victorian Joint Venture Management Committee and Chairman of the Tabcorp Nomination Committee. She is a member of the Tabcorp Audit, Risk and Compliance Committee and Tabcorp Remuneration Committee. <p><i>Qualifications</i></p> <ul style="list-style-type: none"> • Bachelor of Commerce; Fellow of the Institute of Chartered Accountants in Australia; Fellow of the Australian Institute of Company Directors (AICD); Fellow of the Financial Services Institute of Australasia
David Attenborough Managing Director and Chief Executive Officer	<p><i>Experience and expertise</i></p> <ul style="list-style-type: none"> • Mr Attenborough joined Tabcorp in April 2010 as Managing Director - Wagering. He became Managing Director and Chief Executive Officer when Tabcorp's demerger of Echo Entertainment Group Limited was completed in June 2011. • Mr Attenborough was previously the Chief Executive Officer (South Africa) of Phumelela Gaming and Leisure Limited, the leading wagering operator in South Africa. His previous experience also includes the development of casino, bookmaking and gaming opportunities for British bookmaking company Ladbrokes (formerly part of the Hilton Group Plc). <p><i>Qualifications</i></p> <ul style="list-style-type: none"> • Bachelor of Science (Honours); Masters of Business Administration

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Director

Jane Hemstritch
Non Executive Director

Experience and expertise

- Mrs Hemstritch has been a non-executive director of Tabcorp since November 2008.
- Mrs Hemstritch was Managing Director - Asia Pacific for Accenture Limited where she was a member of Accenture's global executive leadership team and headed up its business portfolio in Asia Pacific spanning twelve countries.
- Mrs Hemstritch is a Director of the Commonwealth Bank of Australia, Lend Lease Group and Santos Limited. She is also a Director of the Victorian Opera Company, Deputy Chairman of The Global Foundation, a Member of the Research and Policy Council for the Committee for Economic Development of Australia, and a Member of the Council of the National Library of Australia.
- Mrs Hemstritch is Chairman of the Tabcorp Audit, Risk and Compliance Committee and a member of the Tabcorp Nomination Committee.

Qualifications

- Bachelor of Science (First Class Honours); Fellow of the Institute of Chartered Accountants in Australia; Fellow of the Institute of Chartered Accountants in England and Wales; Fellow of AICD; Member of Chief Executive Women Inc.

Justin Milne
Non Executive Director

Experience and expertise

- Mr Milne has been a non-executive director of Tabcorp since August 2011.
- Mr Milne had an executive career in telecommunications, marketing and media. From 2002 to 2010 he was Group Managing Director of Telstra's broadband and media businesses, and headed up Telstra's BigPond New Media businesses in China. He is also a former Chief Executive Officer of OzEmail and the Microsoft Network.
- Mr Milne is a Director of Basketball Australia Limited and Commissioner of the National Basketball League. He is also a Director of Quickflix Limited, a Board Member of the Sydney Children's Hospital Advisory Network and Chairman of the Sydney Children's Hospital Foundation Building Appeal.
- Mr Milne is a member of the Tabcorp Audit, Risk and Compliance Committee and Tabcorp Nomination Committee.

Qualifications

- Bachelor of Arts; Member of AICD

8. Key people, interests and benefits

Director

Zygmunt Switkowski
Non Executive Director

Experience and expertise

- Dr Switkowski has been a non-executive director of Tabcorp since October 2006.
- Dr Switkowski was the Chief Executive Officer and Managing Director of Telstra Corporation Limited from 1999 to 2005, and is a former Chief Executive Officer of Optus Communications. He worked for Kodak (Australasia) for 18 years, serving as the Chairman and Managing Director from 1992 to 1996.
- Dr Switkowski is the Chairman of Suncorp Group Limited and is a director of Oil Search Limited and Lynas Corporation Limited. He is also Chancellor of the Royal Melbourne Institute of Technology and Chairman of Opera Australia. He is a former director of Healthscope Limited and is the immediate past Chairman of the Australian Nuclear Science and Technology Organisation.
- Dr Switkowski is Chairman of the Tabcorp Remuneration Committee. He is also a member of the Tabcorp Audit, Risk and Compliance Committee and Tabcorp Nomination Committee.

Qualifications

- Bachelor of Science (Honours); PhD (Nuclear Physics); Fellow of AICD.

8.2 Proposed directors

It is intended that Steven Gregg and Elmer Funke Kupper will be appointed as non-executive directors of Tabcorp following the receipt of all necessary regulatory approvals.

Proposed director

Steven Gregg
Non Executive Director

Experience and expertise

- Mr Gregg had an executive career in investment banking and management consulting, having held senior executive roles including Senior Executive Vice President, Global Head Investment Banking with ABN Amro Bank, and Partner and Senior Adviser to McKinsey Group.
- Mr Gregg is a Director of Goodman Fielder Limited, Chairman of Austock Group Limited, and a Director of thoroughbred bloodstock company William Inglis & Son Limited. He is also Consultant and Senior Adviser to the Grant Samuel Group and a Director of The Lorna Hodgkinson Sunshine Home.

Qualifications

- Bachelor of Commerce.

Proposed director

Elmer Funke Kupper Non Executive Director	<p><i>Experience and expertise</i></p> <ul style="list-style-type: none"> • Mr Funke Kupper is the Managing Director and Chief Executive Officer of ASX Limited. • From September 2007 to June 2011, Mr Funke Kupper was the Managing Director and Chief Executive Officer of Tabcorp. • Prior to joining Tabcorp, Mr Funke Kupper held several senior executive positions with Australia and New Zealand Banking Group Limited, including Group Head of Risk Management, Group Managing Director Asia Pacific and Managing Director Personal Banking and Wealth Management. • Mr Funke Kupper was formerly a senior management consultant with McKinsey & Company and AT Kearney. • Mr Funke Kupper was formerly the Chairman of the Australasian Gaming Council. <p><i>Qualifications</i></p> <ul style="list-style-type: none"> • Bachelor of Business Administration; Master of Business Administration.
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8.3 Management

Tabcorp has an experienced management team with strong strategic, operational and financial management skills.

Tabcorp's senior management team is set out below.

Position	
David Attenborough Managing Director and Chief Executive Officer	<ul style="list-style-type: none"> • See Section 8.1
Damien Johnston Chief Financial Officer	<p><i>Experience and expertise</i></p> <ul style="list-style-type: none"> • Mr Johnston joined Tabcorp in September 2003. He was Tabcorp's Deputy Chief Financial Officer, being responsible for Tabcorp's Corporate Finance function including Treasury and Investor Relations, and became Chief Financial Officer upon implementation of Tabcorp's demerger of Echo Entertainment Group Limited in June 2011. • Mr Johnston previously had a 21 year career with BHP Billiton with key finance roles in both Australia and Asia. These included both operational finance and corporate roles. <p><i>Qualifications</i></p> <ul style="list-style-type: none"> • Bachelor of Commerce; Member of CPA Australia.

8. Key people, interests and benefits

Position	
<p>Merryl Dooley Executive General Manager - Human Resources</p>	<p><i>Experience and expertise</i></p> <ul style="list-style-type: none"> Ms Dooley commenced with Tabcorp in October 1990 and has held numerous positions across a range of discipline areas including human resources, training and development, communications and sales. She became Executive General Manager - Human Resources in June 2011 following the implementation of Tabcorp's demerger of Echo Entertainment Group Limited. <p><i>Qualifications</i></p> <ul style="list-style-type: none"> Masters of Business Administration (Executive); Bachelor of Arts.
<p>Doug Freeman Executive General Manager - Strategy and Business Development</p>	<p><i>Experience and expertise</i></p> <ul style="list-style-type: none"> Since joining Tabcorp in June 2005, Mr Freeman has held several senior finance and strategy roles within Tabcorp's wagering and media businesses. He commenced his current role following Tabcorp's demerger of Echo Entertainment Group Limited in June 2011. Mr Freeman previously held senior finance and general management roles in medium to large multinational organisations in the service and manufacturing industries, including George Weston Foods Limited, Optus Group, and Alexander & Alexander Group. <p><i>Qualifications</i></p> <ul style="list-style-type: none"> Bachelor of Commerce; Member of the Institute of Chartered Accountants.
<p>Mohan Jesudason Managing Director - Gaming and Group Marketing</p>	<p><i>Experience and expertise</i></p> <ul style="list-style-type: none"> Mr Jesudason commenced at Tabcorp in August 2003 as Managing Director - Gaming. Following Tabcorp's demerger of Echo Entertainment Group Limited in June 2011, his role expanded to also include Group Marketing. Before joining Tabcorp, Mr Jesudason held key senior management roles with Telecom New Zealand, National Mutual Australia and New Zealand, and the State Bank of Victoria. <p><i>Qualifications</i></p> <ul style="list-style-type: none"> Bachelor of Economics; Graduate Diploma in Accounting; Associate of the Australian Insurance Institute.
<p>Kerry Willcock Executive General Manager – Corporate, Legal and Regulatory</p>	<p><i>Experience and expertise</i></p> <ul style="list-style-type: none"> Ms Willcock joined Tabcorp in February 2005. She has extensive commercial, legal, litigation and government relations experience having worked with Allens Arthur Robinson, Clayton Utz and with the Australian Postal Corporation, where she held the position of General Counsel. <p><i>Qualifications</i></p> <ul style="list-style-type: none"> Bachelor of Arts; Bachelor of Laws; Qualified mediator; Member of the Australian Corporate Lawyers Association (ACLA) General Counsel Group; Member of AICD.

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8.4 Interests and benefits

8.4.1 Directors and management

Except as set out below, no Director or proposed Director has, or has had in the two years before lodgement of this Prospectus with ASIC, any interest in:

- the formation or promotion of Tabcorp;
- the Offer; or
- any property acquired or proposed to be acquired by Tabcorp in connection with its formation or promotion or with the Offer.

Other than as set out below, no amount (whether in cash, securities or otherwise) has been paid or agreed to be paid, nor has any benefit been given or agreed to be given, to any Director or proposed Director either to induce them to become, or to qualify as, a Director or otherwise for services provided by them in connection with the formation or promotion of Tabcorp or with the Offer.

Interest in Tabcorp securities

The table below sets out the Directors' (and proposed Directors') interests in Ordinary Shares, Tabcorp Bonds and options over Ordinary Shares as at the date of this Prospectus.

Director / Proposed Director	No. of Ordinary Shares	No. of Tabcorp Bonds	No. of Performance Rights
<i>Directors</i>			
Paula Dwyer	34,292	–	–
David Attenborough	58,609	–	447,761
Jane Hemstritch	23,181	2,000	–
Justin Milne	–	–	–
Zygmunt Switkowski	84,876	–	–
<i>Proposed Directors</i>			
Steven Gregg	–	–	–
Elmer Funke Kupper	–	1,500	232,136

Directors' fees

The Tabcorp Constitution provides that the Directors will be entitled to remuneration out of the funds of Tabcorp as determined by the Directors provided that the remuneration of the non-executive Directors in any one year, in aggregate, may not exceed the maximum amount fixed by Tabcorp shareholders in a general meeting. The amount last fixed by shareholders in a general meeting for that purpose was \$2 million.

Directors' deeds

Tabcorp has entered into a Director's deed with each Director, under which (among other things) the Director is entitled to be indemnified by Tabcorp (to the maximum extent permitted by law) against liabilities incurred as a director of Tabcorp. Directors are also permitted to be indemnified by Tabcorp under the Tabcorp Constitution and Tabcorp may enter into and pay premiums on directors and officers insurance policies for their benefit.

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8. Key people, interests and benefits

Participation in the Offer

Directors and their associates may participate in, and be issued Notes under, the Offer.

8.4.2 Interests of advisers

UBS has acted as Structuring Adviser and UBS, Macquarie and Westpac have acted as Joint Lead Managers for the Offer, in respect of which they will receive the fees described in Section 9.4.1.

Bell Potter and Citigroup are acting as Co-Managers for the Offer. The Joint Lead Managers will be responsible for paying a selling fee to each Co-Manager and each other Syndicate Broker.

Ernst & Young has performed work in relation to accounting and financial matters associated with the Offer and this Prospectus. Tabcorp estimates that it will pay approximately \$175,000 (excluding disbursements and GST) to Ernst & Young for the work that has been done to the date of this Prospectus. Further amounts may be paid to Ernst & Young in accordance with its normal time-based charges.

Allens Arthur Robinson has acted as legal and tax adviser to Tabcorp in relation to this Prospectus and the Offer. Tabcorp estimates that it will pay approximately \$575,000 (excluding disbursements and GST) to Allens Arthur Robinson for the work that has been done to the date of this Prospectus. Further amounts may be paid to Allens Arthur Robinson in accordance with its normal time-based charges.

Australian Executor Trustees (SA) Limited is acting as Trustee for Holders under the Trust Deed. In respect of this role, Tabcorp has paid or agreed to pay an establishment fee of \$5,000 and an ongoing fee of \$30,000 per annum (excluding disbursements and GST).

Except as set out in this Prospectus, no:

- person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus;
- no promoter of Tabcorp; and
- no financial services licensee named in this Prospectus as a financial services licensee involved in the Offer,

holds at the date of this Prospectus, or has held in the two years before that date, an interest in:

- the formation or promotion of Tabcorp;
- the Offer; or
- any property acquired or proposed to be acquired by Tabcorp in connection with its formation or promotion or with the Offer.

Other than as set out in this Prospectus, no such person has been paid or agreed to be paid any amount, nor has any benefit been given or agreed to be given to any such person for services provided by them, in connection with the formation or promotion of Tabcorp or the Offer.

8.5 Expenses of the Offer

The total expenses of the Offer will be paid out of the proceeds of the Offer. Assuming the Offer raises \$200 million, then the net proceeds of the Offer are expected to be \$194 million and the total expenses of the Offer (including fees payable to the Joint Lead Managers, legal, accounting, marketing, administrative fees, as well as printing, advertising and other expenses related to this Prospectus and the Offer) are expected to be \$6 million. All of these expenses have been, or will be, borne by Tabcorp.

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9. Additional information

9. Additional information

This Section provides information about a number of other matters not covered elsewhere in this Prospectus.

9.1 Reporting and disclosure obligations

Tabcorp is a disclosing entity for the purposes of the Corporations Act and, as such, is subject to regular reporting and disclosure obligations. As a company listed on ASX, Tabcorp is subject to the Listing Rules which require (subject to certain exceptions) immediate disclosure to the market of any information concerning Tabcorp of which it becomes aware which a reasonable person would expect to have a material effect on the price or value of its securities.

9.2 Rights and liabilities attaching to Notes

The rights and liabilities attaching to Notes are set out in the Terms of Issue and the Trust Deed (which incorporates the Terms of Issue). The Terms of Issue are set out in full in Appendix A and the Trust Deed is summarised in Section 9.3 below.

Rights and liabilities attaching to Notes may also arise under the Corporations Act, the Listing Rules, the Tabcorp Constitution and other laws.

9.3 Summary of Trust Deed

Tabcorp entered into the Trust Deed with the Trustee on or about the date of this Prospectus. The Terms of Issue are set out as schedules to the Trust Deed.

A copy of the Trust Deed can be obtained free of charge by any person who requests it during the Offer Period, by calling the Tabcorp Offer Information Line on 1300 665 661 or +61 2 8280 7418 (for overseas callers), Monday to Friday – 8.30am to 5.30pm (Melbourne time). In addition, Tabcorp must provide a copy of the Trust Deed to a Holder on request.

The following is a summary only of the principal provisions of the Trust Deed.

9.3.1 Appointment of Trustee

The Trustee has been appointed under the Trust Deed and holds on trust for the Holders and itself upon the terms of the Trust Deed:

- (a) the right to enforce Tabcorp's duty to repay, and to pay all other amounts payable, under the Notes;
- (b) the right to enforce all other obligations of Tabcorp under the Terms of Issue, the provisions of the Trust Deed and Chapter 2L of the Corporations Act; and
- (c) any other property held on the trust established by the Trust Deed (including, without limitation, the benefit of any covenants, undertakings, representations, warranties, rights, powers, benefits or remedies in favour of the Trustee under the Trust Deed).

9.3.2 Undertakings

Tabcorp has undertaken to the Trustee (on behalf of each Holder) to pay the amounts due and payable in respect of the Notes under and in accordance with the Trust Deed.

Tabcorp has also undertaken to the Trustee on behalf of the Holders to provide certain financial information in accordance with the Corporations Act.

9.3.3 Priority of the Trustee

All moneys that are received by the Trustee under the Trust Deed will be applied first in payment of any amounts owing to the Trustee in connection with the Trust Deed, secondly in or towards payment of all amounts of interest due but unpaid under the Notes to the relevant Holders and thirdly in or towards payment of all amounts of principal due but unpaid under the Notes to the relevant Holders. The balance (if any) of any money remaining after those payments will be returned to Tabcorp.

9.3.4 Enforcement

Subject to the Trust Deed and to section 283DA(h) of the Corporations Act, the Trustee must take action to enforce the Trust Deed where all the following conditions are met (and is not required to act in accordance with any direction from the Holders or any of them or by a Holder Resolution unless all of the following conditions are met):

- (a) the Trustee is requested to take action by Holders who hold in aggregate 25% or more of the Face Value of all Notes then outstanding;
- (b) the Trustee is indemnified, to its reasonable satisfaction, against certain actions and costs; and
- (c) the action is permitted under the Trust Deed.

No Holder is entitled to proceed directly against Tabcorp to enforce any right or remedy under or in respect of any Note unless the Trustee, having become bound to proceed, fails to do so within a reasonable period and such failure is continuing.

9.3.5 Powers and duties of the Trustee

The powers and duties of the Trustee are set out in the Trust Deed and include:

- (a) the Trustee is entitled to waive any breach by Tabcorp under the Trust Deed, including an Event of Default;
- (b) except for its duties under Chapter 2L of the Corporations Act, the Trustee has no duty to enquire of Tabcorp or interfere with the business of Tabcorp;
- (c) the Trustee is entitled to rely on information provided in a certificate signed by any two directors or a director and a secretary of Tabcorp as to any factual matter as conclusive evidence and is also entitled to rely on any information, statement, certificate, report, balance sheet or account supplied by Tabcorp, or an officer of Tabcorp; and
- (d) the Trustee is not obliged to carry out any act or refrain from doing any act (including incurring any liability) under the Trust Deed until such time as it is placed in funds or is otherwise indemnified to its reasonable satisfaction against any expense or liability which it may incur as a result of doing so.

9.3.6 Liability

Subject to the provisions of this Section 9.3.6, the Trustee is not liable to Tabcorp, the Holders or any other person in any capacity other than as trustee of the Trust.

A liability to Tabcorp or any Holder arising under or in connection with the Trust Deed is limited to and can be enforced by Tabcorp or a Holder against the Trustee only to the extent to which it can be satisfied out of any property held by the Trustee out of which the Trustee is actually indemnified for the liability. This limitation of the Trustee's liability applies despite any other provision of the Trust Deed and extends to all liabilities and obligations of the Trustee in any way connected with any representation, warranty, conduct, omission, agreement or transaction related to the Trust Deed.

Tabcorp and any Holder may not sue the Trustee in any capacity other than as trustee of the Trust, including seeking the appointment of a receiver (except in relation to property of the Trust), a liquidator, an administrator or any other similar person to the Trustee or prove in any liquidation of or affecting the Trustee (except in relation to the property of the Trust).

Tabcorp and each Holder waive their rights and release the Trustee from any personal liability in respect of any loss or damage which any of them may suffer as a consequence of a failure of the Trustee to perform its obligations under the Trust Deed, which cannot be paid or satisfied out of any property held by the Trustee.

No attorney, agent or delegate appointed in accordance with the Trust Deed has authority to act on behalf of the Trustee in any way which exposes the Trustee to any personal liability and no act or omission of any such person will be considered fraud, gross negligence or wilful default of the Trustee for the purpose of the limitation of liability provision.

This limitation of liability will not apply to any obligation or liability of the Trustee:

- (a) to the extent arising as a result of the Trustee's fraud, gross negligence or wilful default; or
- (b) relating to its appointment or agreement to act as trustee under the Trust Deed.

9.3.7 Fees and expenses

Tabcorp will pay the Trustee fees as agreed between Tabcorp and the Trustee. Tabcorp will also pay, on demand, the Trustee's losses and reasonable expenses in connection with the performance of its duties, or the exercise of its rights, in connection with the Trust Deed and the Terms of Issue as well as reasonable expenses (including expenses relating to time in attendance by management of the Trustee) for any enforcement action that the Trustee takes in relation to the Trust Deed or the Terms of Issue.

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9. Additional information

9.3.8 Retirement and removal

The Trustee may retire at any time by giving at least two months' notice to Tabcorp or a shorter period which is agreed.

Tabcorp may remove the Trustee at any time by giving notice to the Trustee in circumstances including where:

- (a) the Trustee has committed a Trustee Default (which means an act of fraud, gross negligence, wilful default, breach of trust or a breach of section 283DA of the Corporations Act) and (provided that the default is capable of remedy) has not rectified the default within 7 Business Days of receiving a notice from Tabcorp to rectify the default;
- (b) an insolvency event occurs in relation to the Trustee;
- (c) any authorisation the Trustee is required to hold to carry out its obligations and duties under the Trust Deed is revoked or not renewed; or
- (d) Tabcorp is requested to do so by a meeting of Holders.

The removal or retirement of the Trustee does not take effect until the appointment of a new trustee is effective. Power to appoint a new eligible trustee is vested in Tabcorp, unless no new eligible trustee has been appointed within 14 days of the removal becoming effective, in which case the Trustee may appoint another person to act as the new trustee.

9.3.9 Meetings

A meeting of Holders has the power to:

- (a) by Holder Resolution, give directions to the Trustee as to the performance of its duties under the Trust Deed and the Terms of Issue or approve any amendment to the Trust Deed or the Terms of Issue required to be authorised by a Holder Resolution; and
- (b) by Special Resolution, approve anything the Trustee has done or omitted to do and to any amendment to the Trust Deed or the Terms of Issue required to be authorised by a Special Resolution.

At a meeting of Holders, each Holder is entitled to one vote on a show of hands. On a poll, each Holder is entitled to one vote for each Note that the person holds. If the meeting is by postal ballot or written resolution, Holders are entitled to vote in the relevant proportion to the aggregate Face Value of all Notes.

9.4 Summary of Offer Management Agreement

Tabcorp and the Joint Lead Managers entered into an offer management agreement on or about the date of this Prospectus (the **Offer Management Agreement**). Under the Offer Management Agreement, the Joint Lead Managers have agreed to manage the Offer, including to conduct the Bookbuild, and to provide settlement support for the Broker Firm Offer and the Institutional Offer.

9.4.1 Fees and expenses

The estimated aggregate fees payable by Tabcorp to the Joint Lead Managers under the Offer Management Agreement are approximately \$6 million (exclusive of GST), making certain assumptions as to the allocations of the Notes between the General Offer, Securityholder Offer, Broker Firm Offer and Institutional Offer. The actual amount payable will not be known until the allotment of the Notes. In addition, Tabcorp must pay each Joint Lead Manager for all out-of-pocket expenses reasonably incurred by them in connection with the Offer (including legal expenses, roadshow-related expenses and transaction taxes).

9.4.2 Representations and warranties

The parties to the Offer Management Agreement give various representations and warranties that are customary for agreements of this type, including representations and warranties in relation to corporate authority and approvals. Tabcorp's representations and warranties relate to matters such as:

- (a) its compliance with the Corporations Act, Listing Rules and the Tabcorp Constitution;
- (b) the accuracy of all information provided by it to the Joint Lead Managers; and

- (c) the Prospectus (and related documents) containing no omissions or statements which are untrue, inaccurate, misleading or deceptive and containing all information required to comply with applicable laws.

9.4.3 Termination Events

Each Joint Lead Manager may terminate its obligations under the Offer Management Agreement by notice to Tabcorp (and the other Joint Lead Managers) on the occurrence of any of the following termination events:

- (a) the average mid-rate for the iTraxx Australia Index of a term of 5 years is, at 4pm on two consecutive business days, 45% or more above its level at the close of business on 13 February 2012;
- (b) the ASX/S&P 200 index closes on two consecutive business days at or below a level that is 12.5% or more below its level at the time the parties enter into the Offer Management Agreement;
- (c) a credit rating assigned to Tabcorp is downgraded or withdrawn, placed on a credit watch negative or placed on a negative outlook;
- (d) any event set out in the timetable for the Offer is delayed by more than three business days (other than a delay caused by the Joint Lead Managers or as a result of a request by the Joint Lead Managers) without the prior consent of the Joint Lead Managers;
- (e) a Joint Lead Manager forms the view (acting reasonably) that this Prospectus (or any other document issued in respect of the Offer) has an omission or contains a statement which is inaccurate, misleading or deceptive, or does not comply with all applicable laws;
- (f) Tabcorp lodges a supplementary prospectus or a Joint Lead Manager forms the view (acting reasonably) that a supplementary prospectus must be lodged with ASIC under section 724 of the Corporations Act;
- (g) ASIC:
 - (i) holds, or gives notice that it intends to hold, a hearing or investigation in relation to the Offer; or
 - (ii) prosecutes, or gives notice that it intends to prosecute, or commences proceedings or gives notice that it intends to commence proceedings against Tabcorp, its directors, officers, employees or agents in relation to the Offer,
 which is known publicly or has not been withdrawn within 3 Business Days or before the Settlement Date;
- (h) any person whose consent to the issue of, or to be named in, this Prospectus (or any supplementary prospectus) is required withdraws that consent;
- (i) Tabcorp withdraws this Prospectus or invitations to apply for Notes under this Prospectus;
- (j) ASX announces that Tabcorp's Ordinary Shares will be delisted, removed from quotation or, in certain circumstances, suspended from quotation;
- (k) approval is refused or not granted to the official quotation of the Notes;
- (l) a material adverse change not previously disclosed to ASX prior to 14 February 2012 occurs, or an event occurs which is likely to give rise to a material adverse change in the assets or liabilities, financial position or performance, profits or losses or prospects of the Tabcorp Group;
- (m) Tabcorp engages in conduct that is misleading or deceptive, or likely to be misleading or deceptive in connection with the Offer;
- (n) the Trustee ceases to be licensed to act as a trustee for the purposes of Chapter 2L of the Corporations Act;
- (o) there is a material breach of any material financing arrangements to which a member of the Tabcorp Group is a party or a financier seeks to withdraw or accelerate commitments of \$50,000,000 or more;
- (p) a person gives a notice to Tabcorp under section 730 of the Corporations Act that, in the opinion of a Joint Lead Manager, is materially adverse from the point of view of an investor;

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9. Additional information

- (q) a Tabcorp Group member becomes insolvent or there is an act or omission which may result in a Tabcorp Group member becoming insolvent;
- (r) a certificate which is required to be provided by Tabcorp under the Offer Management Agreement is not provided when required;
- (s) (*) a statement in a certificate provided by Tabcorp under the Offer Management Agreement is untrue, incorrect or misleading;
- (t) (*) Tabcorp fails to perform or observe any of its obligations under the Offer Management Agreement;
- (u) (*) a breach of Tabcorp's representations and warranties under the Offer Management Agreement;
- (v) (*) a change in law or policy in an Australian jurisdiction;
- (w) (*) the outbreak of hostilities or a major escalation of existing hostilities involving any one or more of Australia, New Zealand, United States of America, Japan, China, United Kingdom or any member state of the European Union, or a national emergency is declared by any one of those countries, or a major terrorist act is perpetrated on any of those countries;
- (x) (*) a general moratorium on commercial banking activities in Australia, the United States of America, the European Union or the United Kingdom is declared by the relevant central banking authority in any of those countries, or there is a material disruption in commercial banking or security settlement or clearance services in any one of those countries;
- (y) (*) trading in all securities quoted or listed on ASX, the London Stock Exchange or the New York Stock Exchange is limited in a material respect for all or substantially all of one trading day;
- (z) (*) an adverse change or disruption to the existing financial markets or economic conditions in Australia, the United States of America, the United Kingdom or the European Union or the international financial markets, or any change in national or international financial or economic conditions, or any country leaves or declares that it will leave the Economic and Monetary Union of the European Union or that it will cease to use the euro as its lawful currency, or the Economic and Monetary Union of the European Union dissolves;
- (aa) (*) any government agency that regulates the business or operation of the Tabcorp Group or an element of the Offer:
- (i) holds, or gives notice that it intends to hold, a hearing or investigation in relation to a member of the Tabcorp Group; or
 - (ii) prosecutes, or gives notice that it intends to prosecute, or commences proceedings, or gives notice that it intends to commence proceedings, against a member of the Tabcorp Group, any of their directors, officers, employees or agents,
- which is known publicly or has not been withdrawn within 3 Business Days or before the Settlement Date;
- (bb) (*) any Director is charged with a criminal offence relating to any financial or corporate matter, or a Director is disqualified from managing a corporation under the Corporations Act; or
- (cc) (*) a change in the membership of the Board or its chief executive officer.

In respect of those termination events marked above with an asterisk (*), the Joint Lead Managers may only exercise their rights to terminate the Offer Management Agreement if the relevant termination event:

- (a) has had, or is likely to have, a material adverse effect on:
 - (i) the willingness of persons to apply for Notes;
 - (ii) the likely market price of Notes;
 - (iii) the marketing or success of the Offer; or
 - (iv) the settlement of the Offer as contemplated by the Offer Management Agreement; or
- (b) has given or is likely to give rise to:
 - (i) a contravention by a Joint Lead Manager of, or the Joint Lead Manager being involved in a contravention of, the Corporations Act or any other applicable law; or
 - (ii) a liability for a Joint Lead Manager under the Corporations Act or any other applicable law.

9.4.4 Indemnity

Tabcorp has agreed to indemnify the Joint Lead Managers and certain affiliated persons from all losses, liabilities, claims, damages, costs and expenses incurred directly or indirectly as a result of certain events occurring in connection with the Offer. Certain limitations in relation to illegality, fraud, wilful misconduct, wilful default or negligence of an indemnified party apply.

9.5 Replacement capital statement

Tabcorp intends (without thereby assuming a legal obligation), during the period from and including the Issue Date to the Maturity Date, in the event of:

- a redemption of Notes at Tabcorp's option under Clause 3.2 of the Terms of Issue; or
- a repurchase of Notes under Clause 3.6 of the Terms of Issue of more than:
 - 10% of the aggregate Face Value of Notes originally issued in any period of 12 consecutive months; or
 - 25% of the aggregate Face Value of Notes originally issued in any period of 10 consecutive years,

if Notes are assigned an equity credit by a rating agency at the time of such redemption or repurchase, that it will redeem or repurchase Notes only to the extent the aggregate Face Value of Notes to be redeemed or repurchased does not exceed the net proceeds received by Tabcorp or any subsidiary, during the 360 day period prior to the date of such redemption or repurchase from certain securities offerings. Such offerings must involve the sale or issuance by Tabcorp or the relevant subsidiary to third party purchasers (other than group entities of Tabcorp) of securities which are assigned by a rating agency, at the time of sale or issuance, an equity credit that is equal to or greater than the equity credit assigned to Notes to be redeemed or repurchased at the time of their issuance (but taking into account any changes in hybrid capital methodology or another relevant methodology or the interpretation thereof since the issuance of Notes.

The intention described above does not apply where Tabcorp believes that its credit profile is substantially the same or better than as at the date of this Prospectus, and Tabcorp believes that its credit profile would not be materially adversely affected as a result of any such redemption or repurchase of Notes.

9.6 Consents to be named and disclaimers of responsibility

- (a) Each of the parties (referred to as **Consenting Parties**) who are named below has given and has not, before the lodgement of this Prospectus with ASIC, withdrawn its written consent to be named in this Prospectus in the form and context in which it is named;
- (b) Each of the Consenting Parties who are named below has not made, and does not purport to make, any statement in this Prospectus or any statement on which a statement made in this Prospectus is based other than as specified in paragraph (a) above and paragraph (d) below;
- (c) Each of the Consenting Parties who are named below has not authorised or caused the issue of this Prospectus, and makes no representation or warranty, express or implied, as to the fairness, accuracy or completeness of the information contained in this Prospectus; and
- (d) Each of the Consenting Parties who are named below to the maximum extent permitted by law, makes no representation regarding and expressly disclaims and takes no responsibility for any statements in, or omissions from, this Prospectus, other than the reference to its name and a statement included in this Prospectus with the consent of that Consenting Party and excludes and disclaims all liability or any damage, loss (whether direct, indirect or consequential), cost or expense that may be incurred by you as a result of this Prospectus being inaccurate or incomplete in any way for any reason.

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9. Additional information

Role	Consenting Parties
Structuring Adviser and Joint Lead Manager	UBS AG, Australia Branch
Joint Lead Managers	Macquarie Capital (Australia) Limited Westpac Institutional Bank - a division of Westpac Banking Corporation
Co-Managers	Bell Potter Securities Limited Citigroup Global Markets Australia Pty Ltd
Auditor	Ernst & Young
Legal and tax adviser	Allens Arthur Robinson
Registry	Link Market Services Limited
Trustee	Australian Executor Trustees (SA) Limited

No rating agency has made any statement in this Prospectus, or any statement on which a statement made in this Prospectus is based, and does not cause or authorise the issue of this Prospectus and has not accepted any responsibility for any statements in or omissions from this Prospectus.

The interest payments on the Notes are obligations of Tabcorp and are not guaranteed by the Trustee or any of its directors, employees, officers, affiliates, agents, advisers, intermediaries, related bodies corporate or any other entity. The obligation to redeem Notes in accordance with their terms is a direct obligation of Tabcorp. Neither the Trustee nor any of its directors, employees, officers, affiliates, agents, advisers, intermediaries, related bodies corporate or any other entity guarantees the redemption of or prepayment of any principal under the Notes. The Trustee is not responsible for monitoring Tabcorp's compliance with the Trust Deed nor Tabcorp's business. The Trustee has relied on Tabcorp for the accuracy of the contents of this Prospectus.

9.7 Privacy

If you apply for Notes, you will be asked to provide personal information to Tabcorp (and the Joint Lead Managers or your Syndicate Broker, if you are a Broker Firm Applicant) and the Registry, on Tabcorp's behalf.

Tabcorp, the Registry and the Joint Lead Managers (or your Syndicate Broker) will collect, hold and use that personal information to assess your Application, service your needs as a Holder, and provide facilities and services that you request and carry out appropriate administration.

Company and tax law requires some of the information to be collected. If you do not provide the information requested, your Application may not be able to be processed efficiently, if at all.

Under the Privacy Act, you may request access to your personal information held by or on behalf of Tabcorp. You can request access to your personal information or obtain further information about Tabcorp's management practices by contacting the Registry or Tabcorp. If the Registry's record of your personal information is incorrect or out of date, it is important that you contact Tabcorp or the Registry so that your records can be corrected.

9.8 ASX confirmation

Tabcorp has received in-principle confirmation from ASX that:

- ASX will classify the Notes as debt securities; and
- ASX will allow Notes to trade on a deferred settlement basis in accordance with the timetable set out in this Prospectus.

9.9 Governing law

This Prospectus and the contracts that arise from the acceptance of the Applications are governed by the law applicable in Victoria and each Applicant submits to the non-exclusive jurisdiction of the Courts of Victoria.

9.10 Statement of Directors

Each Director and each Proposed Director has given and has not withdrawn their consent to the issue of this Prospectus and to its lodgement with ASIC.

For personal use only

use only



For personal

Appendix A

Terms of Issue

Appendix A – Terms of Issue

1. Form of Notes

1.1 Constitution under Trust Deed

Notes are unsecured and subordinated debt obligations of Tabcorp constituted by, and owing under, the Trust Deed.

1.2 Form

Notes are issued in registered form by entry in the Register.

1.3 Face Value

Notes are issued fully paid with a Face Value of \$100.00

1.4 Issue

Tabcorp may issue Notes at any time to any person at an issue price of \$100.00 for each Note. The issue price must be paid in full on application.

1.5 Currency

Notes are denominated in Australian dollars.

1.6 Clearing System

The rights of a person holding an interest in the Notes are subject to the rules and regulations of the Clearing System.

1.7 No certificates

No certificates will be issued to Holders unless Tabcorp determines that certificates should be available or are required by any applicable law.

1.8 ASX quotation

Tabcorp must use all reasonable endeavours and furnish any documents, information and undertakings as may be reasonably necessary in order to ensure that the Notes are, and until Redeemed remain, quoted on ASX.

1.9 No other rights

Notes confer no rights on a Holder:

- (a) to vote at any meeting of shareholders of Tabcorp;
- (b) to subscribe for new securities or to participate in any bonus issues of securities of Tabcorp; or
- (c) to otherwise participate in the profits or property of Tabcorp, except as set out in these Terms or the Trust Deed.

2. Interest

2.1 Interest

- (a) Each Note bears interest on its Face Value from (and including) the Issue Date to (but excluding) the Maturity Date or any Redemption Date at the Interest Rate.
- (b) Interest accrues daily and is payable in arrears on each Interest Payment Date subject to these Terms.

2.2 Interest Rate

- (a) The Interest Rate payable in respect of a Note must be determined by Tabcorp in accordance with these Terms.
- (b) The Interest Rate applicable to a Note for each Interest Period (expressed as a percentage per annum) is calculated according to the following formula:

$$\text{Interest Rate} = \text{Bank Bill Rate} + \text{Margin}$$

where:

Bank Bill Rate (expressed as a percentage per annum) means, for the relevant Interest Period, the average mid rate for Bills having a tenor of 3 months as displayed at approximately 10:10 am on the “BBSW” page of the Reuters Monitor System on the first Business Day of the Interest Period. However, if the average mid rate is not displayed by 10:30 am on that day, or if it is displayed but Tabcorp determines that there is an obvious error in that rate, **Bank Bill Rate** means the rate determined by Tabcorp in good faith at approximately 10:30 am on that day having regard, to the extent possible, to the rates otherwise bid and offered for bank accepted Bills of that tenor at or around that time (including any displayed on the “BBSY” or “BBSW” page of the Reuters Monitor System).

Margin (expressed as a percentage per annum) means in respect of the Interest Period:

- (i) for each Interest Period commencing on a date before the First Call Date, the Initial Margin; and
- (ii) for each Interest Period commencing on or after the First Call Date, the Step-up Margin.

2.3 Calculation of Interest Rate and interest payable

- (a) Tabcorp must, as soon as practicable after determining the Interest Rate in relation to each Interest Period, calculate the amount of interest payable for the Interest Period in respect of the Face Value of each Note.
- (b) The amount of interest payable on each Note for an Interest Period is calculated according to the following formula:

$$\text{Interest payable} = \frac{\text{Interest Rate} \times \$100 \times N}{365}$$

where:

N means, in respect of:

- (i) the first Interest Payment Date in respect of a Note, the number of days from, and including, the Issue Date to, but excluding, the first Interest Payment Date; and
 - (ii) each subsequent Interest Payment Date, the number of days from, and including, the preceding Interest Payment Date to, but excluding, that Interest Payment Date or, in the case of the last Interest Period, the Maturity Date or Redemption Date.
- (c) The Interest Rate determined by Tabcorp must be expressed as a percentage rate per annum.

2.4 Determination final

The determination by Tabcorp of all amounts, rates and dates required to be determined by it under these Terms is, in the absence of manifest error, final and binding on the Trustee, the Registry and each Holder.

2.5 Calculations

For the purposes of any calculations required under these Terms:

- (a) all percentages resulting from the calculation must be rounded, if necessary, to the nearest ten-thousandth of a percentage point (with 0.00005% being rounded up to 0.0001%);
- (b) all figures must be rounded to four decimal places (with 0.00005 being rounded up to 0.0001); and
- (c) all amounts that are due and payable must be rounded to the nearest one cent (with 0.5 of a cent being rounded up to one cent).

Appendix A – Terms of Issue

2.6 Deferral of Interest Payments

- (a) If on the day which is the eighth Business Day prior to any Interest Payment Date:
- (i) a Deferral Event subsists; and
 - (ii) Tabcorp has solicited and the Rating Agency has assigned a credit rating to Tabcorp's long-term senior unsecured debt,
- the Interest Payment falling due for payment on that Interest Payment Date will not be payable or (while the Deferral Event subsists) be paid until the relevant Payment Reference Date and that Interest Payment will constitute a **Deferred Interest Payment**.
- (b) Interest will accrue on a daily basis on each Deferred Interest Payment:
- (i) at the same Interest Rate as applies to the Notes from time to time in accordance with clause 2.3 of these Terms; and
 - (ii) from (and including) the date on which (but for such deferral) the Deferred Interest Payment would otherwise have been due to (but excluding) the date the Deferred Interest Payment is paid, and such additional interest will, solely for the purpose of calculating the additional interest, be added to such Deferred Interest Payment (and thereafter itself bear interest accordingly) on each Interest Payment Date. Each Deferred Interest Payment and interest that has accrued on it will be payable in accordance with clause 2.7 of these Terms.
- (c) Tabcorp will notify the Holders and the Trustee of the existence of the Deferral Event not less than five Business Days prior to the relevant Interest Payment Date. Deferral of Interest Payments pursuant to this clause 2.6 will not constitute an Event of Default or default of Tabcorp or a breach of its obligations under these Terms or the Trust Deed or for any other purpose.

2.7 Payment of Deferred Interest Payments

- (a) A Deferred Interest Payment will become due for payment, and Tabcorp must pay that Deferred Interest Payment, on the relevant Payment Reference Date.
- (b) In addition to paragraph (a), Tabcorp may pay the Deferred Interest Payment at any time if the Deferral Event is no longer subsisting.

3. Redemption and purchase

3.1 Redemption on Maturity Date

Each Note must be Redeemed by Tabcorp on the Maturity Date at its Redemption Amount unless:

- (a) the Note has been previously Redeemed; or
- (b) the Note has been purchased by or on behalf of Tabcorp and cancelled.

3.2 Early redemption at the option of Tabcorp

Tabcorp may redeem all the Notes on the First Call Date or on any Interest Payment Date after that date at their Redemption Amount, by giving at least 30 but no more than 60 calendar days' irrevocable notice of redemption to the Holders and the Trustee.

3.3 Early redemption by Tabcorp due to the occurrence of certain events

- (a) If a Change of Control Event, a Tax Event, a Capital Event or a Clean-up Event occurs, Tabcorp may redeem all the Notes before the Maturity Date at their Redemption Amount.
- (b) Tabcorp may only redeem the Notes under paragraph (a) if Tabcorp has given at least 10 Business Days' (and no more than 45 Business Days') notice of redemption to the Holders and the Trustee. The notice must set out reasonable details of the relevant event and the proposed Redemption Date.
- (c) If the Notes are to be redeemed under paragraph (a) because of a Tax Event:
 - (i) before Tabcorp gives the notice of redemption under sub-paragraph (b), Tabcorp must have obtained and delivered to the Trustee an opinion of an independent legal or tax adviser of

recognised standing that the event or circumstance set out in paragraph (a)(i) or (a)(ii) of the definition of Tax Event in clause 12.3 of these Terms has occurred or is more likely than not to have occurred; and

- (ii) the notice of redemption may not be given earlier than:
 - (A) 90 days before the earliest day on which payment of interest on a Note is (or would more likely than not be) not allowed as a deduction as set out in paragraph (a)(i) of the definition of Tax Event in clause 12.3 of these Terms; or
 - (B) 45 days before the earliest day on which Tabcorp would for the first time be (or would more likely than not be) obliged to pay an Additional Amount as set out in paragraph (a)(ii) of the definition of Tax Event in clause 12.3 of these Terms.

3.4 Early redemption by Holders following a Change of Control Event

- (a) If a Change of Control Event has occurred and remains current, Tabcorp will no later than 60 calendar days after the Change of Control Event arising notify the Holders and the Trustee accordingly (a **Change of Control Notice**). The Change of Control Notice will contain a statement confirming whether or not Tabcorp intends to exercise its right to redeem all Notes and, if Tabcorp does not intend to exercise its right to redeem all Notes, of the Holder's entitlement to exercise their rights under clause 3.4(b) of these Terms. The Change of Control Notice will also specify, if relevant:
 - (i) the material facts comprising the Change of Control Event;
 - (ii) the Put Date; and
 - (iii) that a Put Notice, once validly given, is irrevocable.
- (b) If the Change of Control Notice specifies that Tabcorp does not intend to exercise its right to redeem all Notes, or Tabcorp does not give a Change of Control Notice as required by clause 3.4(a) of these Terms, a Holder may require Tabcorp to redeem or, at Tabcorp's option, purchase (or procure the purchase of), all Notes held by the Holder on the Put Date at their aggregate Redemption Amount, by giving at least 30 but no more than 60 calendar days' notice prior to the Put Date (a **Put Notice**).
- (c) The Put Notice must include:
 - (i) the name and address of the Holder; and
 - (ii) confirmation that the Holder authorises the production of the Put Notice in any applicable administrative proceedings.
- (d) If, after a Holder exercises its rights under clause 3.4(b) of these Terms, Tabcorp chooses to exercise its right to redeem Notes pursuant to clause 3.3 of these Terms, all Notes will be redeemed in accordance with clause 3.3 of these Terms and not in accordance with clause 3.4(b) of these Terms. In such circumstances, all Put Notices will be disregarded.

3.5 Effect of notice of redemption

Any notice of redemption given under this clause 3 is irrevocable.

3.6 Purchase and cancellation

- (a) Tabcorp and any of its Related Bodies Corporate may at any time on or after the First Call Date purchase Notes in the open market or otherwise (including by tender offer) and at any price.
- (b) Notes purchased under this clause 3.6 may be held, resold or cancelled at the discretion of the purchaser (or, if the Notes are to be cancelled, Tabcorp), subject to compliance with any applicable law or requirement of ASX (or any stock exchange or other relevant authority on which the Notes are quoted).
- (c) All Notes which are purchased by or on behalf of Tabcorp and which Tabcorp elects to cancel, and all Notes which are redeemed, will promptly be cancelled and accordingly may not be held, reissued or resold.

Appendix A – Terms of Issue

3.7 Interest on unpaid Redemption Amount

When any Note becomes due for redemption and the Redemption Amount is not paid on the Redemption Date or the Maturity Date, then from the Redemption Date or Maturity Date (as applicable) until the actual payment of the Redemption Amount, interest on the Redemption Amount will accrue on a daily basis at the Interest Rate determined from time to time in accordance with clause 2.2 of these Terms and such interest will be payable when the relevant Note is finally redeemed.

4. Ranking and subordination

4.1 Ranking

The Notes are direct, unsecured and subordinated debt obligations of Tabcorp and rank equally without preference or priority among themselves. The ranking of Notes is not affected by the date of registration of any Holder in the Register. The rights and claims of the Holders are subordinated as described in clause 4.2 of these Terms.

4.2 Subordination

The Holder Claims, including any claim in respect of Deferred Interest Payments, will, in an Event of Insolvency of Tabcorp, rank in such Event of Insolvency:

- (a) junior to the rights and claims of the holders of all Senior Obligations;
- (b) equally with each other and with the rights and claims of the holders of any Equal Ranking Obligations; and
- (c) senior to the rights and claims of holders of any Junior Ranking Obligations and any Shares, and for the purposes of giving effect to this ranking, in any Event of Insolvency of Tabcorp the Holder Claims:
 - (d) are subordinated and postponed and subject in right of payment to payment in full of the rights and claims of the holders of Senior Obligations; and
 - (e) may only be proved as a debt which is subject to prior payment in full of the rights and claims of the holders of Senior Obligations.

4.3 Holder acknowledgments

Each Holder acknowledges and agrees that:

- (a) the claims of holders of Senior Obligations to which it is subordinated include the entitlement of each holder of Senior Obligations to interest under section 563B of the Corporations Act and it does not have, and waives to the maximum extent permitted by law, any entitlement to interest under section 563B of the Corporations Act;
- (b) the debt subordination effected by this clause 4 is not affected by any act or omission of Tabcorp or any holder of a Senior Obligation which might otherwise affect it at law or in equity;
- (c) to the maximum extent permitted by applicable law, it may not exercise or claim (nor will the Trustee exercise or claim on its behalf) any right of set off or counterclaim in respect of any amount owed by it to Tabcorp against any amount owed to it by Tabcorp in respect of Notes and it shall waive and be deemed to have waived such rights of set off or counterclaim; and
- (d) it may not exercise any voting rights as a creditor in any administration which follows an Event of Insolvency until after all holders of Senior Obligations have been paid in full or otherwise in a manner inconsistent with the subordination contemplated in this clause 4.

5. Events of Default

5.1 Events of Default

Each of the following is an Event of Default:

- (a) Tabcorp does not pay any Redemption Amount, Interest Payment or Deferred Interest Payment which is due and payable in respect of the Notes in full within 30 days after it has become due and payable; or
- (b) an order is made (other than an order successfully appealed or permanently stayed within 60 days) by a State or Federal Court in the Commonwealth of Australia or a resolution is passed by the shareholders of Tabcorp for the winding up of Tabcorp (other than for the purpose of a Solvent Reorganisation of Tabcorp),

except that each of the following do not constitute an Event of Default:

- (c) the non-payment by Tabcorp of any amount due and payable in respect of any Notes:
 - (i) in order to comply with any fiscal or other law or regulation or with the order of any court of competent jurisdiction, in each case applicable to such payment; or
 - (ii) in cases of doubt as to the validity or applicability of any such law, regulation or order, in accordance with advice given by an independent law firm acceptable to the Trustee as to such validity or applicability; and
- (d) for the avoidance of doubt, the deferral of any Interest Payment under clause 2.6 of these Terms.

5.2 Consequences of an Event of Default

If an Event of Default occurs and while it is subsisting, the Trustee may, and must if so directed by a Special Resolution of the Holders or so requested in writing by the Holders of at least 25% of the total Face Value of Notes then outstanding:

- (a) give notice to Tabcorp that the Redemption Amount applicable to each Note is due and payable (and that amount will immediately become due and payable when the notice is served or on such other date specified in the notice); and
- (b) institute proceedings for the winding up of Tabcorp or prove in the winding up of Tabcorp or claim in the liquidation of Tabcorp, for the amount payable under these Terms.

5.3 Enforcement by the Trustee

- (a) The Trustee may at any time, at its discretion and without further notice, institute such proceedings against Tabcorp as it may think fit to enforce any term or condition binding on Tabcorp under the Trust Deed or these Terms, except that (without prejudice to clause 5.2) the Trustee must not institute any proceedings or take any steps to enforce any payment obligation of Tabcorp under or arising from the Trust Deed or the Notes, including, without limitation, payment of any principal or interest in respect of the Notes, any Redemption Amount, Interest Payment or Additional Amount, and including damages awarded for the breach of any obligation, and in no event shall Tabcorp, by virtue of the institution of any such proceedings or steps, be obliged to pay any sum or sums in cash or otherwise, sooner than the same would otherwise have been payable by it under these Terms.
- (b) Notwithstanding paragraph (a), if:
 - (i) an Event of Default described in paragraph (a) of clause 5.1 has occurred and is subsisting; and
 - (ii) the Trustee has instituted and completed proceedings for the winding up of Tabcorp in accordance with clause 5.2, and in those proceedings a court of competent jurisdiction has declined to wind up Tabcorp because Tabcorp is at that time solvent,

the Trustee may, and must if so directed by a Special Resolution of the Holders or so requested in writing by the Holders of at least 25% of the total Face Value of Notes then outstanding, institute any proceeding or take any step to enforce Tabcorp's obligation to pay any amounts which are then due any payable by it in respect of the Notes.

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5.4 Trustee not bound to enforce

The Trustee shall not in any event be bound to take any action referred to in clause 5.2 of these Terms unless:

- (a) it shall have been so requested by, in aggregate, Holders holding between them at least 25% of the total Face Value of the Notes then outstanding or it shall have been so directed by a Special Resolution of the Holders; and
- (b) it shall have been indemnified as contemplated by clause 2.3 of the Trust Deed.

5.5 No other remedies against Tabcorp

Except as permitted by this clause 5, no remedy against Tabcorp shall be available to the Trustee or the Holders in respect of any breach by Tabcorp of any of its obligations under the Trust Deed or these Terms, other than payment of the costs, charges, liabilities, expenses or remuneration of the Trustee.

5.6 Holders' right to enforce

No Holder shall be entitled to proceed directly against Tabcorp to enforce any right or remedy under or in respect of any Note unless the Trustee, having become bound so to proceed, fails so to do within a reasonable period and the failure is continuing, in which case any such Holder may itself institute proceedings against Tabcorp for the relevant remedy to the same extent (but not further or otherwise) that the Trustee would have been entitled to do so.

6. Title and transfer of Notes

The provisions relating to title and transfer of the Notes are set out in clause 17 of the Trust Deed.

7. Payments

The provisions relating to payment in connection with the Notes are set out in clause 18 of the Trust Deed.

8. Taxation

8.1 No deductions

All payments in respect of the Notes must be made in full without any withholding or deduction in respect of Taxes, unless prohibited by law.

8.2 Withholding tax gross-up

Subject to clause 8.3 of these Terms, if a law requires Tabcorp to withhold or deduct an amount in respect of Taxes from a payment in respect of the Notes such that the Holder would not receive on the due date the full amount provided for under the Notes, then:

- (a) Tabcorp is authorised to deduct the amount for the Taxes (and any further withholding or deduction applicable to any further payment due under paragraph (b) below); and
- (b) if the amount deducted or withheld is in respect of Taxes imposed by a Relevant Tax Jurisdiction, Tabcorp agrees to pay such additional amount (the **Additional Amount**) as may be necessary in order that the net amount received by the Holder after the withholding or deduction (and any further withholding or deduction applicable to such Additional Amount) will equal the respective amount which would otherwise have been receivable in respect of the Notes in the absence of the withholding or deduction.

8.3 Exceptions to gross-up

No Additional Amounts are payable under clause 8.2(b) of these Terms in respect of any Note:

- (a) to, or to a third party on behalf of, a Holder who is liable to such Taxes in respect of such Note by reason of the person having some connection with a Relevant Tax Jurisdiction other than the mere holding of such Note;
- (b) to, or to a third party on behalf of, a Holder who could lawfully avoid (but has not so avoided) the deduction or withholding by complying or procuring that any third party complies with any statutory requirements or by making or procuring that any third party makes a declaration of non-residence or similar case for exemption to any tax authority;

- (c) to, or to a third party on behalf of, a Holder who is an Offshore Associate and not acting in the capacity of a clearing house, paying agent, custodian, funds manager or responsible entity of a registered scheme within the meaning of the Corporations Act; or
- (d) to, or to a third party on behalf of, an Australian resident Holder or a non-resident Holder carrying on business in Australia at or through a permanent establishment of the non-resident in Australia, if the Holder has not supplied an appropriate tax file number, an Australian business number or other exemption details.

9. Further issues

Subject to applicable law, there are no restrictions under these Terms or the Trust Deed on Tabcorp incurring any debt obligations, whether subordinated or not or ranking in priority ahead of, equal with or behind Notes (including any Notes that rank equally with Notes and are consolidated and form a single series with Notes) or upon such terms as to ranking, dividends or interest, conversion, redemption and otherwise as Tabcorp may determine at the time of issue.

10. Issuer substitution

The Trustee may, without the consent or approval of the Holders, agree with Tabcorp to the substitution in place of Tabcorp of any of its Subsidiaries (or of any previous substitute under this clause) as the issuer of the Notes under these Terms and the Trust Deed, subject to:

- (a) Tabcorp being satisfied that the interests of the Holders will not be materially prejudiced by the substitution; and
- (b) compliance with certain other applicable conditions set out in the Trust Deed.

11. General provisions and governing law

11.1 Time limit for claims

A claim against Tabcorp for a payment under a Note is void unless made within ten years after the date on which payment first became due.

11.2 Amendments without consent

At any time, but subject to compliance with the Corporations Act and all other applicable laws, Tabcorp may without the consent of the Holders or the Trustee, amend these Terms if Tabcorp is of the opinion that such alteration is:

- (a) of a formal or technical or minor nature;
- (b) made to cure any ambiguity or correct any manifest error;
- (c) necessary or expedient for the purpose of enabling the Notes to be:
 - (i) listed for quotation, or to retain quotation, on any stock exchange; or
 - (ii) offered for subscription or for sale under the laws for the time being in force in any place, and not materially prejudicial to the interests of Holders as a whole;
- (d) necessary to comply with:
 - (i) the provisions of any statute or the requirements of any statutory authority; or
 - (ii) the ASX Listing Rules or the listing or quotation requirements of any stock exchange on which Tabcorp may propose to seek a listing or quotation of the Notes, and not materially prejudicial to the interests of Holders as a whole; or
- (e) not, and is not likely to become, taken as a whole and in conjunction with all other amendments to be made contemporaneously with that amendment, materially prejudicial to the interest of Holders as a whole,

provided that:

- (f) Notes following such amendment will have a level of equity credit ascribed to them by the Rating Agency which is equal to or higher than that which was ascribed to Notes immediately prior to such amendment; and

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(g) such amendment would not give rise to a Tax Event.

11.3 Amendments with consent

At any time, but subject to compliance with the Corporations Act and all other applicable laws, Tabcorp may with the approval of the Trustee amend these Terms:

- (a) except as otherwise provided in paragraphs (b), (c) and (d) below, if such alteration is authorised by a Holder Resolution;
- (b) in the case of an alteration to this clause 11.3 or any clause of the Trust Deed providing for Holders to give a direction to the Trustee by a Special Resolution, if a Special Resolution is passed in favour of such alteration;
- (c) in the case of alteration to the Meeting Provisions and to which clause 11.2 of these Terms does not apply, if a Special Resolution is passed in favour of such alteration; and
- (d) otherwise in accordance with the Trust Deed.

11.4 Amendments binding

Any amendment to these Terms in accordance with this clause 11 is binding on all Holders.

11.5 No consent of holders of Senior Obligations

Nothing in these Terms requires the consent of the holder of any Senior Obligation or Equal Ranking Obligation to the amendment of any Terms made in accordance with this clause 11.

11.6 Governing law

The Notes are governed by the law in force in Victoria.

11.7 Jurisdiction

Tabcorp, the Trustee and the Holders irrevocably and unconditionally submit to the non-exclusive jurisdiction of the courts of Victoria and courts of appeal from them. Tabcorp, the Trustee and each Holder waives any right it has to object to an action being brought in those courts, to claim that such action has been brought in an inconvenient forum, or to claim those courts do not have jurisdiction.

12. Definitions and interpretation

12.1 Interpretation

Headings are for convenience only and do not affect interpretation. The following rules apply unless the context requires otherwise.

- (a) The singular includes the plural and the converse.
- (b) A gender includes all genders.
- (c) Where a word or phrase is defined, its other grammatical forms have a corresponding meaning.
- (d) A reference to a person, corporation, trust, partnership, unincorporated body or other entity includes any of them.
- (e) A reference to a clause, annexure or schedule is a reference to a clause of, or annexure or schedule to, these Terms.
- (f) A reference to a person includes a reference to the person's executors, administrators, successors and permitted assigns and substitutes.
- (g) A reference to legislation or to a provision of legislation includes a modification or re-enactment of it, a legislative provision substituted for it and a regulation or statutory instrument issued under it.
- (h) A reference to **writing** includes a facsimile transmission and any means of reproducing words in a tangible and permanently visible form.
- (i) A reference to **conduct** includes an omission, statement or undertaking, whether or not in writing.

- (j) The meaning of terms is not limited by specific examples introduced by **including**, or **for example**, or similar expressions.
- (k) An Event of Default **subsists** until it has been remedied or waived in writing by the Trustee.
- (l) All references to time are to Melbourne time.
- (m) Nothing in these Terms are to be interpreted against a party on the ground that the party put it forward.
- (n) A reference to **Australian dollars, dollar, \$** or **cent** is a reference to the lawful currency of Australia. If a payment is required to be made under these Terms, unless the contrary intention is expressed, the payment will be made in Australian dollars.
- (o) Any agreement, representation, warranty or indemnity by two or more parties (including where two or more persons are included in the same defined term) binds them jointly and severally.
- (p) If an event under these Terms must occur on a stipulated day which is not a Business Day, then the event will be done on the next Business Day.

12.2 Document or agreement

A reference to:

- (a) an **agreement** includes an Encumbrance, Guarantee, undertaking, deed, agreement or legally enforceable arrangement whether or not in writing; and
- (b) a **document** includes an agreement (as so defined) in writing or a certificate, notice, instrument or document.

A reference to a specific agreement or document includes it as amended, novated, supplemented or replaced from time to time, except to the extent prohibited by these Terms.

12.3 Definitions

The following definitions apply unless the context requires otherwise.

Additional Amount means an additional amount payable by Tabcorp under clause 8.2 of these Terms.

ASX means ASX Limited (ABN 98 008 624 691) or the securities market operated by it, as the context requires.

ASX Listing Rules means the listing rules of ASX.

ASX Settlement means ASX Settlement Pty Ltd (ABN 49 008 504 532).

ASX Settlement Operating Rules means the settlement rules made by ASX Settlement.

Australian Tax Act means the *Income Tax Assessment Act 1936* (Cth) and, where applicable, the *Income Tax Assessment Act 1997* (Cth).

Bill has the meaning it has in the *Bills of Exchange Act 1909* (Cth) and a reference to the acceptance of a Bill is to be interpreted in accordance with that Act.

Bookbuild means the process conducted by, or on behalf of, Tabcorp prior to the opening of the offer for the Notes whereby certain institutional investors and brokers who wish to obtain a firm allocation of the Notes (whether for themselves or their clients) lodge bids for the Notes.

Business Day has the meaning given to that term in the ASX Listing Rules.

Capital Event means Tabcorp has been notified by the Rating Agency, or has become aware following a publication by the Rating Agency, of a change in its assessment criteria such that the Notes will no longer be eligible for the same or higher category of “equity credit” (or any similar nomenclature that is being used by the Rating Agency at the relevant time) as was initially attributed to the Notes by S&P at the time of issue of the Notes.

Change of Control Event means a person and its associates have a relevant interest (other than a relevant

Appendix A – Terms of Issue

interest pursuant to a conditional arrangement or agreement or understanding) in more than 50% of the voting shares of Tabcorp having had a relevant interest in less than 50% of the voting shares of Tabcorp.

Relevant interest, voting shares and **associate** have the same meaning as in chapter 6 of the Corporations Act. However, a Change of Control Event will not have occurred if the event which would otherwise constitute a Change of Control Event occurs as part of a Solvent Reorganisation of Tabcorp.

Change of Control Notice means a notice by Tabcorp to the Holders and the Trustee if a Change of Control Event has occurred and remains current, in accordance with clause 3.4 of these Terms.

Clean-up Event means Tabcorp or any of its Related Bodies Corporate has, individually or in aggregate, purchased (and cancelled) or Redeemed Notes equal to or in excess of 80% of the aggregate Face Value of Notes issued on the Issue Date.

Clearing System means the Clearing House Electronic Sub-register System operated by ASX Settlement or any other applicable securities trading and/or clearance system.

Corporations Act means the *Corporations Act 2001* (Cth).

Deferral Event means an event which commences on and from a Testing Date (the **Commencing Testing Date**) where:

- (a) the Interest Cover Ratio in relation to the Commencing Testing Date is less than the Minimum Level; or
- (b) the Leverage Ratio in relation to the Commencing Testing Date and the most recent Testing Date before that date is above the Maximum Level,

and will continue until the next Testing Date (the **Ending Testing Date**) in relation to which:

- (c) the Interest Cover Ratio is at or above the Minimum Level; and
- (d) subject to the following, the Leverage Ratio on that date and the most recent Testing Date before it is at or below the Maximum Level,

at which time it will cease.

The requirement to satisfy the condition in paragraph (d) will only apply if:

- (e) at Commencing Testing Date and the most recent Testing Date before that date the Leverage Ratio was above the Maximum Level; or
- (f) during the period from (and including) the Commencing Testing Date to (and including) the Ending Testing Date the Leverage Ratio:
 - (i) was above the Maximum Level on two or more consecutive Testing Dates; and
 - (ii) was not at or below the Maximum Level on two or more subsequent consecutive Testing Dates.

Deferred Interest Payment has the meaning given in clause 2.6(a) of these Terms and will, where relevant, include any amount of additional interest accumulated in accordance with clause 2.6(b) of these Terms.

Encumbrance means a mortgage, charge, pledge, lien or other security interest securing any obligation of any person.

Equal Ranking Obligations means any subordinated debt obligation of Tabcorp (other than Notes) which ranks or is expressed to rank equally with Tabcorp's obligations under the Notes.

Event of Default means the happening of any event set out in clause 5.1 of these Terms.

Event of Insolvency means a winding-up, liquidation, provisional liquidation or the appointment of an administrator, a liquidator, provisional liquidator or other similar officer in respect of Tabcorp or any corporate action is taken by Tabcorp to appoint such a person.

Face Value means the nominal principal amount of each Note, being \$100.00.

First Call Date means 22 March 2017.

Government Agency means any government or any governmental, semi-governmental or judicial entity or authority. It also includes any self-regulatory organisation established under statute or any stock exchange.

Guarantee means any guarantee, indemnity, letter of credit, legally binding letter of comfort, suretyship or other assurance against loss.

Holder means, in respect of a Note, the person whose name is entered on the Register as the holder of that Note.

Holder Claims means the rights and claims of the Trustee (in respect of Notes) and of the Holders in respect of Notes.

Holder Resolution means:

- (a) a resolution passed at a meeting of Holders duly called and held under the Meeting Provisions:
 - (i) by more than 50% of the persons voting on a show of hands (unless sub-paragraph (ii) below applies); or
 - (ii) if a poll is duly demanded, then by a majority consisting of more than 50% of the votes cast; or
- (b) if the meeting is by postal ballot or written resolution, then by Holders representing (in aggregate) more than 50% of the Face Value of all of the outstanding Notes.

Initial Margin means the margin expressed as a percentage per annum determined by, or on behalf of, Tabcorp on the basis of the bids made under the Bookbuild.

Interest Cover Ratio means, in relation to a Testing Date, the ratio of Relevant EBITDA to Relevant Net Interest Paid.

Interest Payment means the interest payable on a Note on the Interest Payment Date, as calculated in accordance with clause 2.2 of these Terms.

Interest Payment Date means, in respect of a Note, each 22 March, 22 June, 22 September and 22 December in each year from its Issue Date to, and including, the Maturity Date or any Redemption Date adjusted, if necessary, in accordance with the Modified Following Business Day Convention.

Interest Period means each period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next Interest Payment Date. However:

- (a) the first Interest Period commences on (and includes) the Issue Date; and
- (b) the final Interest Period ends on (but excludes) the Maturity Date or the Redemption Date.

Interest Rate means, for a Note, the interest rate (expressed as a percentage per annum) payable in respect of that Note calculated or determined in accordance with clause 2.2 of these Terms.

Issue Date means, in respect of a Note, the date on which that Note is issued.

Junior Ranking Obligations means any:

- (a) equity; or
- (b) subordinated debt obligation which has a level of equity credit assigned to it by a rating agency, of Tabcorp (other than Notes) which ranks junior to Tabcorp's obligations under the Notes.

Leverage Ratio means, in relation to a Testing Date, the ratio of Relevant Gross Debt (divided by 2) to Relevant EBITDA.

Maturity Date means 22 March 2037.

Meeting Provisions means the provisions for meetings of the Holders set out in schedule 2 of the Trust Deed.

Maximum Level means 3.5 times.

Minimum Level means 3.0 times.

Appendix A – Terms of Issue

Modified Following Business Day Convention means that the date is postponed to the first following day that is a Business Day unless that day falls in the next calendar month in which case that date will be the first preceding day that is a Business Day.

Note means a debt obligation issued, or to be issued, by Tabcorp which is constituted by, and owing under, the Trust Deed, the details of which are recorded in, and evidenced by, entry in the Register.

Offshore Associate means an associate (as defined in section 128F of the Australian Tax Act) of Tabcorp that is either:

- (a) a non-resident of Australia which does not acquire the Notes in carrying on a business at or through a permanent establishment in Australia; or
- (b) a resident of Australia that acquires the Notes in carrying on a business at or through a permanent establishment outside Australia.

Operating Profit means, for any period, the operating profit of the Tabcorp Group after excluding any exceptional, one-off, non-recurring or extraordinary items for that period.

Payment Reference Date means the date which is the earliest of:

- (a) the next Interest Payment Date on which the relevant Deferral Event is no longer subsisting;
- (b) the date which is the fifth anniversary of the Interest Payment Date on which any of the then outstanding Deferred Interest Payments was initially deferred;
- (c) the Maturity Date;
- (d) the date on which all Notes are otherwise Redeemed; and
- (e) the date on which the Trustee serves a notice of Event of Default which results from an order being made for the winding up of Tabcorp as described in clause 5.1(b) of these Terms.

Put Date means the Business Day which is, or immediately follows, 120 days after the occurrence of the Change of Control Event.

Put Notice means a notice given by a Holder to Tabcorp requiring Tabcorp to Redeem or, at Tabcorp's option, purchase (or procure the purchase of), Notes held by the Holder on the Put Date at their Redemption Amount, in accordance with clause 3.4 of these Terms.

Rating Agency means S&P or any replacement rating agency nominated by Tabcorp and notified to the Trustee and the Holders.

Redemption means the redemption of a Note in accordance with clause 3 of these Terms and the words **Redeem**, **Redeemable** and **Redeemed** bear their corresponding meanings.

Redemption Amount in respect of a Note means the sum of:

- (a) 100% of the Face Value;
- (b) all Deferred Interest Payments in respect of that Note that remain unpaid at the Redemption Date or Maturity Date; and
- (c) any accrued but unpaid interest for the Interest Period in which the Redemption Date or Maturity Date falls determined in accordance with clause 2.3 of these Terms calculated up to (but excluding) the Redemption Date or the Maturity Date as if that date were an Interest Payment Date,

except, in a Redemption before the First Call Date for a Capital Event notified to Holders and the Trustee under clause 3.3 of these Terms, paragraph (a) of this definition will be 101% of the Face Value.

Redemption Date means, in respect of a Note, the date, other than the Maturity Date, on which the Note is Redeemed in whole.

Register means the register of Holders (established and maintained under clause 16 of the Trust Deed) and, where appropriate, the term **Register** includes:

- (a) a sub-register maintained by or for Tabcorp under the Corporations Act, the ASX Listing Rules or ASX Settlement Operating Rules; and
- (b) any branch register.

Registry means Link Market Services Limited (ABN 54 083 214 537) or any other person appointed by Tabcorp to maintain the Register and perform any payment and other duties in relation to the Notes.

Related Body Corporate has the meaning given in the Corporations Act.

Relevant EBITDA means, in relation to a Testing Date, the Operating Profit before interest, tax, depreciation, amortisation and impairment of the Tabcorp Group for the more recent of:

- (a) the six month period ended on the immediately prior 30 June, as calculated by reference to the audited full year consolidated financial statements of the Tabcorp Group for the full year ended on that date, less the equivalent item in the reviewed consolidated interim financial statements of the Tabcorp Group for the half year ended on the prior 31 December; and
- (b) the six month period ended on the immediately prior 31 December, as calculated by reference to the reviewed consolidated financial statements of the Tabcorp Group for that period,

or, if not disclosed in the audited consolidated financial statements or reviewed consolidated interim financial statements of the Tabcorp Group, as otherwise disclosed by Tabcorp to Holders.

For the purpose of calculating Relevant EBITDA, the Operating Profit before interest, tax, depreciation and amortisation of the Tabcorp Group will be adjusted to take into account the effects of any acquisition made during the six month period. Relevant EBITDA will be adjusted on a pro forma basis as if the acquisition had occurred at the beginning of the relevant six month period ending on the Testing Date. The adjustments will be made on the basis of the historical operating profit before interest, tax, depreciation and amortisation of the company or business acquired during that period.

Relevant Gross Debt means, in relation to a Testing Date, total current and non-current interest bearing liabilities, adjusted for any amounts arising on hedge relationships on those liabilities, all as disclosed in the more recent of:

- (a) the audited full year consolidated financial statements of the Tabcorp Group for the full year ended on the immediately prior 30 June; and
- (b) the reviewed consolidated interim financial statements of the Tabcorp Group for the half year ended on the immediately prior 31 December,

or, if not disclosed in the audited consolidated financial statements or reviewed consolidated interim financial statements of the Tabcorp Group, as otherwise disclosed to Holders by Tabcorp,

less:

- (c) 100% of the Face Value of outstanding Notes; and
- (d) the outstanding principal amount of any Security issued by Tabcorp (or any of its Subsidiaries) from time to time (if any) multiplied by the level of equity credit assigned to that Security by a rating agency (expressed as a percentage per annum), where Tabcorp has publicly announced that the Security is a Security for the purposes of this paragraph and the relevant percentage per annum assigned to that Security by a rating agency,

in each case as expressed in Australian dollars (and, if relevant, on the basis of the relevant prevailing exchange rates for the 30 June or 31 December to which those balances relate) and, if not disclosed in the audited consolidated financial statements or reviewed consolidated interim financial statements of the Tabcorp Group, as otherwise disclosed to Holders by Tabcorp. Further, Tabcorp will announce publicly a change in the percentage per annum assigned by a rating agency to the Security to reflect a change in the equity credit categorisation by the rating agency of the relevant Security from time to time and this definition shall be read in accordance with that announcement.

Appendix A – Terms of Issue

Relevant Net Interest Paid means, in relation to a Testing Date:

- (a) the amount of interest paid,
less
- (b) (i) the amount of interest received;
(ii) any Interest Payments made under these Terms; and
(iii) any dividends, distributions or interest payments made under or in connection with a Security referred to in paragraph (d) of the definition of **Relevant Gross Debt** multiplied by the most recent percentage announced by Tabcorp under paragraph (d) of that definition in relation to that Security,

by the Tabcorp Group for the more recent of:

- (c) the six month period ended on the immediately prior 30 June, as calculated by reference to the audited full year consolidated financial statements of the Tabcorp Group for the full year ended on that date, less the equivalent items in the reviewed consolidated interim financial statements of the Tabcorp Group for the half year ended on the prior 31 December; and
- (d) the six month period ended on the immediately prior 31 December, as calculated by reference to the reviewed consolidated interim financial statements of the Tabcorp Group for that period,

or, if not disclosed in the audited consolidated financial statements or reviewed consolidated interim financial statements of the Tabcorp Group, as otherwise disclosed by Tabcorp to Holders.

Relevant Tax Jurisdiction means:

- (a) the Commonwealth of Australia or any State or Territory of Australia; or
- (b) in the event of any substitution or corporate action resulting in Tabcorp being incorporated in any other jurisdiction, that other jurisdiction or any political sub-division or any authority of that jurisdiction having power to tax.

Security means, in relation to a company:

- (a) shares in the capital of that company; and
- (b) any indebtedness in the form of or represented by notes, bonds, debentures or other securities issued by that company which has a level of equity credit assigned to it by a rating agency.

Senior Obligations means all obligations of Tabcorp (including any subordinated debt obligation ranking senior to the Notes) except for Notes, the Equal Ranking Obligations and the Junior Ranking Obligations.

Share means a fully paid ordinary share or preference share in the capital of Tabcorp.

S&P means Standard & Poor's (Australia) Pty Ltd (ABN 62 007 324 852) (or any of its Subsidiaries or any successor to its business from time to time).

Solvent Reorganisation means, with respect to Tabcorp, solvent winding up, deregistration, dissolution, scheme of arrangement or other reorganisation of Tabcorp solely for the purposes of a consolidation, amalgamation, merger or reconstruction, the terms of which:

- (a) have been approved by the holders of the ordinary shares of Tabcorp or by a court of competent jurisdiction under which the continuing or resulting corporation effectively assumes the obligations of Tabcorp under these Terms and the Trust Deed; and
- (b) do not have a material adverse effect on the ability of Tabcorp (or the corporation which has assumed the obligations of Tabcorp under these Terms and the Trust Deed) to perform its payment obligations under these Terms.

Special Resolution means:

- (a) a resolution passed at a meeting of the Holders duly called and held under the Meeting Provisions:
 - (i) by at least 75% of the persons voting on a show of hands (unless sub-paragraph (ii) below applies); or
 - (ii) if a poll is duly demanded, then by a majority consisting of at least 75% of the votes cast; or
- (b) a resolution passed by postal ballot or written resolution by Holders representing (in aggregate) at least 75% of the Face Value of all of the outstanding Notes.

Step-up Margin means the margin which is the Initial Margin plus 0.25% per annum.

Subsidiary has the meaning given in the Corporations Act, but as if *body corporate* includes any entity. It also includes an entity whose profit or loss is required by current accounting practice to be included in the consolidated annual profit and loss statements of that entity or would be required if that entity were a corporation.

Tabcorp means Tabcorp Holdings Limited (ABN 66 063 780 709) or any Related Body Corporate of Tabcorp which is substituted for Tabcorp Holdings Limited under clause 10 of these Terms.

Tabcorp Group means Tabcorp and its Subsidiaries at any time.

Tax means any tax, levy, impost, charge or duty (including stamp and transaction duties) imposed by any Government Agency and any related interest, penalty, fine or expense in connection with it, except if imposed on, or calculated having regard to, the net income of the Holder.

Tax Event means:

- (a) as a result of any change in, or amendment to, applicable laws, or any change in their application or official or judicial interpretation, which change becomes effective after the Issue Date:
 - (i) payment of interest on a Note is not or will not be allowed as a deduction for the purposes of Tabcorp's income tax in the Relevant Tax Jurisdiction; or
 - (ii) Tabcorp has or will become required to pay, in respect of an amount (the **Relevant Amount**), an Additional Amount that is at least 30% (or other percentage which is the corporate tax rate then prevailing in the Relevant Tax Jurisdiction) of the Relevant Amount; and
- (b) the non-deductibility of interest on the Notes referred to in sub-paragraph (a)(i) or the payment of the Additional Amount referred to in sub-paragraph (a)(ii) cannot be avoided by Tabcorp taking reasonable measures available to it.

Terms means, in relation to a Note, the terms of issue of that Note as set out in schedule 1 of the Trust Deed.

Testing Date means any date after the Issue Date on which Tabcorp first releases to the public its audited consolidated financial statements in respect of a reporting period ended on 30 June or its reviewed consolidated interim financial statements in respect of a reporting period ended on 31 December of any given year.

Trust Deed means the trust deed to which these Terms are attached as schedule 1.

Trustee means Australian Executor Trustees (SA) Limited (ABN 23 007 870 644) or any replacement Trustee appointed in accordance with the Trust Deed.

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Appendix B Glossary

Appendix B – Glossary

The following is a glossary of terms used throughout this Prospectus and the Application Forms. Definitions that are specific to the Notes are set out in Clause 12.3 of the Terms of Issue in Appendix A.

If there is any inconsistency between the terms defined in this Prospectus and the terms defined in the Terms of Issue, the definitions in the Terms of Issue prevail to the extent of such inconsistency.

Term	Meaning
1H12	the half year ended 31 December 2011
\$	the lawful currency of Australia
AFSL	Australian financial services licence
ABN	Australian Business Number
Applicant and You	a person who submits an Application
Application	a valid application made under this Prospectus by using the applicable Application Form to apply for a specified number of Notes
Application Form	each of the paper and electronic application forms attached to, or accompanying, the Prospectus upon which an Application may be made
ASIC	Australian Securities & Investments Commission
ASX	ASX Limited (ABN 98 008 624 691) or, as the case requires, the financial market operated by it
ASX Settlement Operating Rules	the settlement rules of ASX Settlement Pty Ltd
ATO	the Australian Taxation Office
Bank Bill Rate	a benchmark interest rate for the Australian money market commonly used by major Australian financial institutions to lend short-term cash to each other over a three month period, as more particularly defined in Clause 2.2 of the Terms of Issue
Bell Potter	Bell Potter Securities Limited (ABN 25 006 390 772)
Board	the Directors acting as a board
Bookbuild	the process described in Section 6.5.1 to determine the Margin
Broker Firm Applicant	an Australian resident client of a Syndicate Broker who applies for an allocation from that Syndicate Broker under the Broker Firm Offer
Broker Firm Offer	the invitation made to Australian resident clients of the Syndicate Brokers to apply for an allocation of Notes from the relevant Syndicate Broker under this Prospectus
Business Day	a business day as defined in the Listing Rules
CHESS	Clearing House Electronic Sub-register System operated by an associate of ASX
Citigroup	Citigroup Global Markets Australia Pty Ltd (ABN 64 003 114 832)
Closing Date	the last date on which Applications will be accepted, expected to be: <ul style="list-style-type: none"> • 5.00 pm (Melbourne time) on 14 March 2012 for the Securityholder Offer and General Offer (unless varied); and • 10.00 am (Melbourne time) on 21 March 2012 for the Broker Firm Offer
Co-Managers	Citigroup and Bell Potter

Term	Meaning
Corporations Act	<i>Corporations Act 2001</i> (Cth)
Directors	the directors of Tabcorp
EBIT	earnings before interest and income taxation expenses
EBITDA	earnings before interest, income taxation expenses, depreciation and amortisation
EGM	electronic gaming machine
Eligible Securityholder	a registered holder of Ordinary Shares and/or Tabcorp Bonds with a registered address in Australia as at 7:00 pm on 9 February 2012 (Melbourne time)
Event of Default	has the meaning given to that term in the Terms of Issue (see Clause 12.3 of the Terms of Issue)
Exposure Period	the seven day period after the date this Prospectus was lodged with ASIC during which the Corporations Act prohibits the acceptance of Applications. This period may be extended by ASIC by up to a further seven days
Face Value	\$100 per Note
FY	financial year
Gambling Regulation Act	<i>Gambling Regulation Act 2003</i> (Vic)
General Applicant	an Australian resident who is not an Eligible Securityholder or Broker Firm Applicant
General Offer	the invitation made to members of the general public who are resident in Australia to apply for Notes under this Prospectus
HIN	Holder Identification Number for Notes (when issued) held on the CHESS sub-register
Holder	a person whose name is registered in the Note Register as a holder of Notes
Holder Resolution	has the meaning given to that term in the Terms of Issue (see Clause 12.3 of the Terms of Issue)
Holding Statement	a statement issued to Holders by the Registry which sets out details of Notes allocated to them under the Offer
IGA	<i>Interactive Gambling Act 2001</i> (Cth)
Institutional Investor	an investor (whether an Australian resident or not) to whom Notes are able to be offered under applicable laws without the need for any prospectus, registrations or other formality (other than a registration or formality which Tabcorp is willing to comply with) including, in Australia, persons to whom offers of securities can be made without the need for a lodged prospectus, who has been invited by UBS to bid for Notes
Institutional Offer	the invitation to certain Institutional Investors to bid for Notes
Issue Date	the date Notes are issued to Holders under this Prospectus, which is expected to be 22 March 2012
Issue Price	the issue price for Notes, being \$100 per Note

Appendix B – Glossary

Term	Meaning
Joint Lead Managers	UBS, Westpac and Macquarie
Listing Rules	the listing rules of ASX with any modification or waivers which ASX may grant to Tabcorp from time to time
Macquarie	Macquarie Capital (Australia) Limited (ABN 79 123 199 548)
Margin	the margin to be determined under the Bookbuild, as may be increased pursuant to the Terms of Issue
Note Register	the official register of Notes (if issued) being maintained by the Registry on Tabcorp's behalf and including any subregister established and maintained under CHES
NSW	New South Wales
NSW Off-Course Totalizator Licence	the licence granted to Tab under the NSW Totalizator Act to conduct in New South Wales: <ul style="list-style-type: none"> • off-course totalizator and fixed odds wagering on thoroughbred, harness and greyhound races held anywhere in the world; and • off-course totalizator and fixed odds wagering on permitted sporting or other events
NSW On-Course Totalizator Licence	the licence granted to Tab under the NSW Totalizator Act to conduct in New South Wales: <ul style="list-style-type: none"> • on-course totalizator and fixed odds wagering on thoroughbred, harness and greyhound races held anywhere in the world; and • on-course totalizators and fixed odds wagering on permitted sporting and other events (including thoroughbred, harness and greyhound racing)
NSW Racing Minister	the Minister responsible for administering the NSW Totalizator Act
NSW Totalizator Act	<i>Totalizator Act 1997</i> (NSW)
NSW Wagering Licences	the NSW Off-Course Totalizator Licence and the NSW On-Course Totalizator Licence
Offer	the offer by Tabcorp of Notes under this Prospectus at an Issue Price of \$100 each, to raise approximately \$200 million with the ability to raise more or less
Offer Management Agreement	the offer management agreement entered into between Tabcorp and the Joint Lead Managers, as summarised in Section 9.4
Offer Period	the period from the Opening Date to the Closing Date
Opening Date	the day the Offer opens, expected to be 22 February 2012
Ordinary Share	a fully paid ordinary share in the capital of Tabcorp
Privacy Act	<i>Privacy Act 1988</i> (Cth)

Term	Meaning
Proposed Directors	the proposed directors of Tabcorp
Prospectus	this Prospectus that was lodged with ASIC on 14 February 2012
Register	the official register of Ordinary Shares being maintained by the Registry on Tabcorp's behalf and including any subregister established and maintained by CHES
Registry	Link Market Services Limited (ABN 96 685 731 379) or any other registry that Tabcorp appoints to maintain the Register and the Note Register
Securities Act	U.S. Securities Act of 1933, as amended
Securityholder Applicant	an Eligible Securityholder who submits an Application under the Securityholder Offer
Securityholder Offer	the invitation made to Eligible Securityholders to apply for Notes under this Prospectus
Securityholder Offer Application Form	each of the paper and electronic application forms attached to, or accompanying, the Prospectus upon which an Application may be made by a Securityholder
Settlement Date	the Business Day immediately preceding the Issue Date
Sky Channel	Sky Channel Pty Ltd (ABN 77 009 136 010) (a wholly owned subsidiary of Tabcorp) or, as the context requires, the racing telecast broadcast by that company
Special Resolution	has the meaning given to that term in the Terms of Issue (see Clause 12.3 of the Terms of Issue)
SRN	Securityholder Reference Number for Notes (when issued) held on any Tabcorp sponsored sub-register
Syndicate Broker	any of the Joint Lead Managers, Co-Managers or participating brokers
Tab	Tab Limited (ABN 17 081 765 308), a wholly owned subsidiary of Tabcorp
Tabcorp	Tabcorp Holdings Limited (ABN 66 063 780 709)
Tabcorp Bonds	variable rate, unsecured notes issued by Tabcorp under the prospectus dated 1 April 2009
Tabcorp Constitution	the constitution of Tabcorp from time to time
Tabcorp Group	Tabcorp and its subsidiaries and other controlled entities from time to time and, where the context requires, includes one or more of Tabcorp's subsidiaries and other controlled entities from time to time
Tabcorp Subordinated Notes or Notes	Tabcorp Subordinated Notes with terms and conditions set out in Appendix A
Tax Act	<i>Income Tax Assessment Act 1936</i> (Cth) or the <i>Income Tax Assessment Act 1997</i> (Cth), as the context requires

Appendix B – Glossary

Term	Meaning
Terms of Issue	the terms of issue of the Notes, as set out in Appendix A
TFN	tax file number
TGS	Tabcorp Gaming Solutions, as described in Section 3.8
totalizator or tote or pari-mutuel	a system of betting where the operator deducts a percentage of the total units wagered (for costs including tax), and the remainder is returned as winnings to players in multiples of the unit wagered
Trust Deed	the trust deed between Tabcorp and the Trustee dated on or about the date of this Prospectus
Trustee	Australian Executor Trustees (SA) Limited (ABN 23 007 870 644)
TVN	ThoroughVisioN Pty Ltd
UBS	UBS AG, Australia Branch (ABN 47 088 129 613, AFSL 231087)
U.S. Person	has the meaning given in Regulation S under the Securities Act
VCGLR	Victorian Commission for Gambling and Liquor Regulation (formerly known as the Victorian Commission for Gambling Regulation)
Victorian Gaming Licence	the gaming licence granted to Tabcorp under Part 3 of Chapter 4 of the Gambling Regulation Act (which licence was originally granted under the <i>Gaming and Betting Act 1994</i> (Vic), which has been repealed, and was taken to be granted under the Gambling Regulation Act upon the commencement of that Act)
Victorian Keno Licence	the licence to conduct Keno games under Chapter 6A of the Gambling Regulation Act
Victorian racing industry	representative entities or controlling bodies of the Victorian thoroughbred, harness and greyhound racing industry (and where relevant includes one or more of them) and, where applicable, the thoroughbred, harness and greyhound racing clubs established in Victoria
Victorian Wagering Licence	the wagering licence granted to Tabcorp under Part 3 of Chapter 4 of the Gambling Regulation Act (which licence was originally granted under the <i>Gaming and Betting Act 1994</i> (Vic), which has been repealed, and was taken to be granted under the Gambling Regulation Act upon the commencement of that Act)
Victorian Wagering and Betting Licence	the licence to conduct (among other things) wagering and approved betting competitions as described in section 4.3A.1 of the Gambling Regulation Act
Westpac	Westpac Institutional Bank - a division of Westpac Banking Corporation (ABN 33 007 457 141)

Corporate directory

Issuer

Tabcorp Holdings Limited
5 Bowen Crescent
Melbourne VIC 3004

Auditor

Ernst & Young
8 Exhibition Street
Melbourne VIC 3000

Legal and tax adviser

Allens Arthur Robinson
Level 27, 530 Collins Street
Melbourne VIC 3000

Registry

Link Market Services Limited
Level 1, 333 Collins Street
Melbourne VIC 3000

Trustee

Australian Executor Trustees (SA) Limited
Level 22, 207 Kent Street
Sydney NSW 2000

How to contact us

Tabcorp Offer Information Line on 1300 665 661
or +61 2 8280 7418 (for overseas callers), Monday
to Friday – 8.30am to 5.30pm (Melbourne time)

Website: www.tabcorp.com.au/notes

Structuring Adviser and Joint Lead Manager

UBS AG, Australia Branch
Level 16, 2 Chifley Square
Sydney NSW 2000

Joint Lead Managers

Macquarie Capital (Australia) Limited
Level 8, 1 Martin Place
Sydney NSW 2000

Westpac Institutional Bank –
a division of Westpac Banking Corporation
Level 2, Westpac Place
275 Kent Street
Sydney NSW 2000

Co-Managers

Bell Potter Securities Limited
Level 29, 101 Collins Street
Melbourne VIC 3000

Citigroup Global Markets Australia Pty Ltd
2 Park Street
Sydney NSW 2000

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