

Scheme of arrangement for merger with Tabcorp becomes effective

Tatts Group Limited (**Tatts Group**) is pleased to announce that the Supreme Court of Victoria (**Court**) has today made orders approving the scheme of arrangement for the proposed acquisition of Tatts Group by Tabcorp Holdings Limited (**Scheme**). An office copy of the orders made by the Court has today been lodged with the Australian Securities and Investments Commission. A copy of the Court orders approving the Scheme is attached to this announcement.

Accordingly, pursuant to section 411(10) of the *Corporations Act 2001* (Cth), the Scheme is now legally effective and is scheduled to be implemented on 22 December 2017.

Now that the Scheme is legally effective, the special dividend of 16 cents announced by Tatts Group on 11 December 2017 will be paid to Tatts shareholders who are on the Tatts Share Register on the Special Dividend Record Date (Friday, 15 December 2017). The payment date of the special dividend is Tuesday, 19 December 2017 and the Scheme cash consideration of 42.5 cents per Tatts share will be reduced to 26.5 cents per Tatts share as a result of the special dividend being paid.

It is expected that trading in Tatts Group's ordinary shares on ASX will be suspended from the close of trading today, Wednesday, 13 December 2017.

Next Steps

Event	Expected date ¹
New Tabcorp Shares expected to commence trading on ASX on a deferred settlement basis	14 December 2017
Special Dividend Record Date	15 December 2017
Special Dividend Payment Date	19 December 2017
Scheme Record Date (for determining entitlement to Scheme Consideration)	19 December 2017
Scheme Implementation Date	22 December 2017
New Tabcorp Shares expected to commence trading on ASX on an ordinary (T+2) settlement basis	27 December 2017

¹ All dates are indicative only and subject to change.

IN THE SUPREME COURT OF VICTORIA
AT MELBOURNE
COMMERCIAL COURT
REDCREST CORPORATIONS LIST

No. S ECI 00157 2017

IN THE MATTER OF TATTS GROUP LIMITED
ACN 108 686 040

TATTS GROUP LIMITED

ACN 108 686 040



Plaintiff

GENERAL FORM OF ORDER

JUDGE: The Honourable Justice Sifris

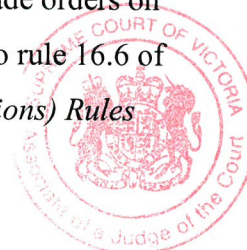
DATE MADE: 13 December 2017

ORIGINATING PROCESS: Originating process filed 7 July 2017

HOW OBTAINED: On return of the originating process filed 7 July 2017

ATTENDANCE: Mr P D Crutchfield QC and Ms E R Tadros of counsel for the Plaintiff
Mr A C Archibald QC and Mr C M Archibald of counsel for Tabcorp Holdings Limited

OTHER MATTERS: A. The Court received into evidence:
(i) the seventh affidavit of Anne Elizabeth Tucker sworn 12 December 2017 and the exhibits AET-10, AET-11 and AET-12 thereto; and
(ii) the second affidavit of Frederick Michael Prickett sworn 13 December 2017 and the exhibit FMP-2 thereto.
B. The Court notes that:
(i) Associate Justice Gardiner made orders on 13 December 2017 pursuant to rule 16.6 of the *Supreme Court (Corporations) Rules*



2013 in relation to the meeting of the members of the Plaintiff on 12 December 2017 and the passing of the resolution to approve the scheme of arrangement at that meeting.

- (ii) There has been produced to the Court a statement in writing by the Australian Securities and Investments Commission stating that it has no objection to the compromise or arrangement between the plaintiff and its shareholders.
 - (iii) Tabcorp Holdings Limited will rely on the Court's approval of the scheme of arrangement for the purposes of qualifying for exemption from the registration requirements of the U.S. Securities Act of 1933, provided for by section 3(a)(10) of that Act, in connection with the implementation of, and the provision of consideration under, the scheme.
- C. The Court also noted the Plaintiff's outline of submissions dated 11 December 2017 and outline of supplementary submissions dated 12 December 2017.
- D. This order is signed by the Judge pursuant to Rule 60.02(1)(b) of the *Supreme Court (General Civil Procedure) Rules 2015 (Vic)*.

THE COURT ORDERS THAT:

1. Pursuant to s 411(6) of the *Corporations Act 2001 (Cth) (Act)*, the words "*and the removal of Tatts from the official list of ASX*" are struck out from clause 6(b) of the scheme of arrangement between the Plaintiff and its shareholders agreed to by the said shareholders at



the meeting convened pursuant to the orders of the Honourable Justice Sifris made on 8 September 2017, 28 September 2017 and 28 November 2017 and held on 12 December 2017 (**scheme of arrangement**).

1. Pursuant to s 411(4) of the *Corporations Act 2001* (Cth) (**Act**), the scheme of arrangement with the amendment referred to in the paragraph above, a copy of which is annexed to this order, be and is hereby approved.
2. Pursuant to s 411(12) of the Act, the Plaintiff is exempt from compliance with s 411(11) of the Act in relation to order 2.

Dated: 13 December 2017



The Honourable Justice Sifris

ANNEXURE

Scheme of arrangement

Scheme of Arrangement

Pursuant to section 411 of the Corporations Act

Tatts Group Limited
Tatts

The registered holders of fully paid ordinary shares in the capital of Tatts as
at the Record Date

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Scheme of Arrangement made under section 411 of the Corporations Act 2001 (Cth)

Date

Parties **Tatts Group Limited ABN 19 108 686 040** of 87 Ipswich Road, Woolloongabba QLD 4102 (**Tatts**)

The registered holders of fully paid ordinary shares in the capital of Tatts as at the Record Date

Background

- A. Tatts is a public company incorporated in the state of Victoria and is admitted to the official list of ASX.
- B. Tabcorp Holdings Limited ABN 66 063 780 709 (**Tabcorp**) is a public company incorporated in the state of Victoria and is admitted to the official list of ASX.
- C. Tatts and Tabcorp have entered into the Implementation Deed pursuant to which, amongst other things, Tatts has agreed to propose this Scheme to Tatts Shareholders, and each of Tatts and Tabcorp have agreed to take certain steps to give effect to the Scheme.
- D. If the Scheme becomes Effective, then:
- (a) all the Scheme Shares and all rights and entitlements attaching to them as at the Implementation Date will be transferred to Tabcorp and the Scheme Consideration will be provided to the Scheme Shareholders in accordance with the provisions of the Scheme and the Deed Poll; and
- (b) Tatts will enter the name and address of Tabcorp in the Tatts Share Register as the holder of the Scheme Shares.
- E. Tabcorp has entered into the Deed Poll for the purpose of covenanting in favour of Scheme Shareholders to perform the obligations contemplated of it under the Scheme.

1. Definitions and interpretation

1.1 Definitions

In this document, unless the contrary intention appears or the context requires otherwise:

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited ABN 98 008 624 691 and, where the context requires, the financial market that it operates.

Breaching Shareholder is a Scheme Shareholder, to whom the issue of New Tabcorp Shares would result in a breach of law or of a provision of the constitution of Tabcorp.

Business Day means a day which is a "Business Day" within the meaning given in the Listing Rules.

Cash Consideration means A\$0.425 cash (subject to adjustment in accordance with clause 6.3 of the Implementation Deed), for each Tatts Share held by a Scheme Shareholder.

CHES means the clearing house electronic sub-register system for the electronic transfer of securities operated by ASX Settlements Pty Limited ABN 49 008 504 532.

Condition means each condition to this Scheme set out in clause 2.1.

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

Court means the Supreme Court of Victoria or such other court of competent jurisdiction under the Corporations Act agreed to in writing by Tabcorp and Tatts.

Deed Poll means the deed poll dated 7 September 2017 executed by Tabcorp in favour of the Scheme Shareholders (subject to any amendments permitted by its terms).

Effective means, when used in relation to the Scheme, the coming into effect, pursuant to section 411(10) of the Corporations Act, of the order of the Court made under section 411(4)(b) of the Corporations Act in relation to the Scheme.

Effective Date means the date on which the Scheme becomes Effective.

Encumbrance means a mortgage, charge, pledge, lien, encumbrance, security interest, title retention, preferential right, trust arrangement, contractual right of set-off, or any other security agreement or arrangement in favour of any person, whether registered or unregistered, including any Security Interest.

End Date has the meaning given in the Implementation Deed.

Government Agency means any foreign or Australian government or governmental, semi-governmental, administrative, fiscal or judicial body, department, commission, authority, tribunal, agency or entity, or any minister of the Crown in right of the Commonwealth of Australia or any State, and any other federal, state, provincial, or local government, whether foreign or Australian.

Implementation Date means the third Business Day after the Record Date or such other date after the Record Date as the parties agree in writing.

Implementation Deed means the merger implementation deed dated 18 October 2016 between Tatts and Tabcorp under which, amongst other things, Tatts has agreed to propose the Scheme to Scheme Shareholders, and each of Tabcorp and Tatts has agreed to take certain steps to give effect to the Scheme.

Ineligible Foreign Shareholder means a Scheme Shareholder whose address shown in the Tatts Share Register on the Record Date is a place outside Australia and its external territories or New Zealand, unless Tabcorp (acting reasonably, and after consultation with Tatts) determines that it is lawful and not unduly onerous or impracticable to issue that Scheme Shareholder with New Tabcorp Shares when the Scheme becomes Effective.

Listing Rules means the official listing rules of ASX.

New Tabcorp Share means a fully paid ordinary share in Tabcorp to be issued to Scheme Shareholders under the Scheme.

Record Date means 5.00pm on the third Business Day after the Effective Date or such other time and date as the parties agree in writing.

Registered Address means, in relation to a Tatts Shareholder, the address shown in the Tatts Share Register as at the Record Date.

Scheme means the scheme of arrangement under Part 5.1 of the Corporations Act between Tatts and the Scheme Shareholders as set out in this document, subject to any alterations or conditions made or required by the Court pursuant to section 411(6) of the Corporations Act and agreed to in writing by Tabcorp and Tatts (each acting reasonably).

Scheme Consideration means the consideration to be provided by Tabcorp to each Scheme Shareholder for the transfer to Tabcorp of each Scheme Share, being for each Tatts Share held by a Scheme Shareholder as at the Record Date:

- (a) the Cash Consideration; and
- (b) the Scrip Consideration,

subject to the terms of this Scheme.

Scheme Meeting means the meeting of Tatts Shareholders ordered by the Court to be convened under section 411(1) of the Corporations Act to consider and vote on the Scheme, and includes any meeting convened following any adjournment or postponement of that meeting.

Scheme Shareholder means a Tatts Shareholder as at the Record Date.

Scheme Shares means all Tatts Shares held by the Scheme Shareholders as at the Record Date.

Scrip Consideration means an allotment of 0.80 New Tabcorp Shares for each Tatts Share held by a Scheme Shareholder.

Second Court Date means the first day on which an application made to the Court for an order pursuant to section 411(4)(b) of the Corporations Act approving the Scheme is heard or, if the application is adjourned or subject to appeal for any reason, the day on which the adjourned application is heard.

Security Interest has the meaning given in section 12 of the *Personal Properties Securities Act 2009* (Cth).

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

Tabcorp Share Register means the register of members of Tabcorp maintained in accordance with the Corporations Act.

Tatts Board means the board of directors of Tatts.

Tatts Share means a fully paid ordinary share in the capital of Tatts.

Tatts Share Register means the register of members of Tatts maintained by the Tatts Share Registry in accordance with the Corporations Act.

Tatts Share Registry means Computershare Investor Services Pty Limited ABN 48 078 279 277 of 117 Victoria Street, West End, QLD, Australia 4101.

Tatts Shareholder means a person who is registered in the Tatts Share Register as a holder of a Tatts Share.

Trading Day has the meaning given in the Listing Rules.

1.2 Interpretation

In this document, unless the contrary intention appears or the context requires otherwise:

- (a) the singular includes the plural and vice versa;
- (b) each gender includes each other gender;
- (c) references to persons includes references to individuals, corporations, other bodies corporate or bodies politic;
- (d) references to paragraphs or clauses are to a paragraph or clause of this document;
- (e) a reference to a statute, regulation or agreement is to such a statute, regulation or agreement as from time to time amended;
- (f) a reference to a person includes a reference to a person's executors, administrators, successors, substitutes (including, without limitation, persons taking by novation) and assigns;
- (g) if a time period is specified and dates from a given date or the day of an act or event, it is to be calculated exclusive of that day;
- (h) a reference to a day is to be interpreted as the period of time commencing at midnight and ending 24 hours later;
- (i) a reference to any time, unless otherwise stated, is a reference to that time in Melbourne, Australia;
- (j) a reference to "\$" or "A\$" is to the lawful currency of the Commonwealth of Australia;
- (k) a reference to a document is that document as varied, novated, ratified or replaced from time to time;
- (l) the interpretation of a substantive provision is not affected by any heading; and
- (m) "includes" in any form is not a word of limitation.

1.3 Business Day

Except where otherwise expressly provided, where under this document the day on which any act, matter or thing is to be done is a day other than a Business Day, such act, matter or thing shall be done on the immediately preceding Business Day.

2. Conditions Precedent

2.1 Conditions to the Scheme

The Scheme is conditional upon, and will have no force or effect until, the satisfaction of each of the following conditions, and the provisions of clauses 3 and 4 will not come into effect unless and until each of these conditions have been satisfied:

- (a) by 8.00am on the Second Court Date, each of the conditions set out in clause 3.1 of the Implementation Deed (other than the condition relating to the approval of the Court set out in clause 3.1(c) of the Implementation Deed) have been satisfied or waived in accordance with the terms of the Implementation Deed;
- (b) as at 8.00am on the Second Court Date neither the Implementation Deed nor the Deed Poll has been terminated;

- (c) the Court approves this Scheme under section 411(4)(b) of the Corporations Act with or without modification acceptable to Tabcorp and Tatts (each acting reasonably);
- (d) such other conditions made or required by the Court under section 411(6) of the Corporations Act in relation to the Scheme as are acceptable to Tabcorp and Tatts (each acting reasonably) have been satisfied or been waived; and
- (e) the coming into effect, pursuant to section 411(10) of the Corporations Act, of the orders of the Court made under section 411(4)(b) of the Corporations Act (and, if applicable, section 411(6) of the Corporations Act) in relation to the Scheme on or before the End Date.

2.2 Certificates in relation to Conditions Precedent

On the Second Court Date:

- (a) Tatts must provide to the Court a certificate (or such other evidence as the Court may request) confirming (in respect of matters within its knowledge) whether or not as at 8.00am on the Second Court Date the conditions set out in clause 3.1 (other than clause 3.1(c)) of the Implementation Deed have been satisfied or waived in accordance with the Implementation Deed; and
- (b) Tabcorp must provide to the Court a certificate (or such other evidence as the Court may request) confirming (in respect of matters within its knowledge) whether or not as at 8.00am on the Second Court Date the conditions set out in clause 3.1 (other than clause 3.1(c)) of the Implementation Deed have been satisfied or waived in accordance with the Implementation Deed.

2.3 Termination of Implementation Deed

Without limiting any rights under the Implementation Deed or the Deed Poll, in the event that the Implementation Deed is terminated in accordance with its terms at or before 8.00am on the Second Court Date, Tatts is released from any further obligation to take steps to implement the Scheme.

3. Scheme

3.1 Effective Date of the Scheme

Subject to clause 3.2, the Scheme will take effect on and from the Effective Date.

3.2 Lapse of Scheme

The Scheme will lapse and be of no further force or effect if:

- (a) the Effective Date has not occurred on or before the End Date; or
- (b) the Implementation Deed or the Deed Poll is terminated in accordance with its terms prior to 8.00am on the Second Court Date.

4. Implementation of Scheme

4.1 Lodgement

If the Conditions are satisfied, Tatts must lodge with ASIC in accordance with section 411(10) of the Corporations Act an office copy of the Court order approving the Scheme as soon as possible after, and in any event by no later than 5.00pm on the Business Day following, the date on which the Court approves the Scheme.

4.2 Transfer of Scheme Shares

On the Implementation Date:

- (a) subject to the provision of the Scheme Consideration in the manner contemplated by clauses 4.3 and 4.4 and to Tabcorp having provided Tatts with such evidence thereof as it may reasonably require, all of the Scheme Shares will, together with all rights and entitlements attaching to the Scheme Shares as at the Implementation Date, be transferred to Tabcorp without the need for any further act by any Scheme Shareholder (other than acts performed by Tatts or its directors as attorney or agent for Scheme Shareholders under this Scheme) by Tatts effecting a valid transfer or transfers of the Scheme Shares to Tabcorp under section 1074D of the Corporations Act or, if that procedure is not available for any reason, by:
 - (i) Tatts delivering to Tabcorp a completed share transfer form or forms (which may be a master transfer form) to transfer all of the Scheme Shares to Tabcorp duly executed by Tatts as the attorney and agent of each Scheme Shareholder under clause 7.1 of this Scheme;
 - (ii) Tabcorp executing and delivering the share transfer form or forms to Tatts; and
 - (iii) Tatts immediately after receipt of the share transfer form or forms under clause 4.2(a)(ii), entering, or procuring the entry of, the name and address of Tabcorp in the Tatts Share Register as the holder of all of the Scheme Shares; and
- (b) Tabcorp will issue, allot and pay to each Scheme Shareholder the Scheme Consideration for each Scheme Share held by the Scheme Shareholder, in accordance with and subject to the terms of the Scheme.

4.3 Provision of Scheme Consideration

Tabcorp's obligations under clause 4.2(b) will be satisfied as follows:

- (a) subject to clauses 4.4, 4.6, 4.8 and 4.13, in respect of the Cash Consideration:
 - (i) by no later than the Business Day before the Implementation Date, Tabcorp must deposit in cleared funds an amount equal to the aggregate amount of the Cash Consideration payable to each Scheme Shareholder, in an Australian dollar denominated trust account operated by Tatts as trustee for the Scheme Shareholders, (provided that any interest on the amounts deposited (less bank fees and other charges) will be credited to Tabcorp's account);
 - (ii) on the Implementation Date, subject to funds having been deposited in accordance with clause 4.3(a)(i), Tatts must pay or procure the payment of the Cash Consideration from the trust account referred to in clause 4.3(a)(i) to each Scheme Shareholder based on the number of Tatts Shares held by such Scheme Shareholder as set out in the Tatts Share Register on the Record Date:
 - A. where a Scheme Shareholder has, before the Record Date, made a valid election in accordance with the requirements of the Tatts Share Registry to receive dividend payments from Tatts by electronic funds transfer to a bank account nominated by the Scheme Shareholder, paying, or procuring the payment of, the relevant amount in Australian currency by electronic means in accordance with that election; or

- B. otherwise, whether or not the Scheme Shareholder has made an election referred to in clause 4.3(a)(ii)A, dispatching, or procuring the dispatch of, a cheque for the relevant amount in Australian currency to the Scheme Shareholder by prepaid post to their Registered Address (as at the Record Date), such cheque being drawn in the name of the Scheme Shareholder (or in the case of joint holders, in accordance with the procedures set out in clause 4.4); and
- (iii) to the extent that, following satisfaction of Tatts' obligations under clauses 4.3(a)(ii)A and 4.3(a)(ii)B, there is a surplus in the amount held by Tatts as trustee for the Scheme Shareholders in the trust account referred to in clause 4.3(a)(i), that surplus must be paid by Tatts to Tabcorp; and
- (b) subject to clauses 4.4, 4.6, 4.8 4.9, 4.10, 4.11 and 4.12, in respect of the Scrip Consideration, on the Implementation Date Tabcorp must:
 - (i) issue to each Scheme Shareholder such number of New Tabcorp Shares as that Scheme Shareholder is entitled to as Scheme Consideration;
 - (ii) procure the entry in the Tabcorp Share Register:
 - A. of the name and address of each Scheme Shareholder in respect of the New Tabcorp Shares issued to them;
 - B. of the name and address of the nominee appointed by Tabcorp in respect of those New Tabcorp Shares that would otherwise be issued to each Scheme Shareholder who is an Ineligible Foreign Shareholder;
 - C. of the name and address of the nominee appointed by Tabcorp in respect of those New Tabcorp Shares determined under clause 4.10(a)(ii) that would otherwise be issued to each Scheme Shareholder who is a Breaching Shareholder; and
 - (iii) within 5 Business Days after the Implementation Date, send or procure the despatch to each Scheme Shareholder whose New Tabcorp Shares are held on the issuer sponsored subregister of Tabcorp, or the nominee appointed by Tabcorp (as the case may be) by prepaid post to their address (as recorded in the Tatts Share Register as at the Record Date, except in the case of the nominee appointed by Tabcorp) of uncertificated holding statements for the New Tabcorp Shares issued to the Scheme Shareholder or the nominee appointed by Tabcorp (as the case may be) in accordance with this Scheme.
- (c) This clause 4.3 does not apply to a Scheme Shareholder who does not have a Registered Address or where Tatts and Tabcorp believe that such Scheme Shareholder (other than Ineligible Foreign Shareholders) is not known at their Registered Address.

4.4 Joint holders

In the case of Scheme Shares held in joint names:

- (a) any cheque required to be paid to Scheme Shareholders will be made payable to the joint holders; and

- (b) the holding statements for New Tabcorp Shares to be issued to Scheme Shareholders will be issued in the names of the joint holders,

and will be forwarded to the holder whose name appears first in the Tatts Share Register as at 5:00pm on the Record Date.

4.5 Unclaimed monies

- (a) Tatts may cancel a cheque issued under this clause 4 if the cheque:
- (i) is returned to Tatts; or
 - (ii) has not been presented for payment within six months after the date on which the cheque was presented.
- (b) During the period of twelve months commencing on the Implementation Date, on request in writing from a Scheme Shareholder to Tatts (or the Tatts Share Registry), Tatts must reissue a cheque that was previously cancelled under this clause 4.5.
- (c) The *Unclaimed Money Act 2008 (Vic)* will apply in relation to any Scheme Consideration which becomes 'unclaimed money' (as defined in section 3 of the *Unclaimed Money Act 2008 (Vic)*).

4.6 Fractional entitlements and share splitting or division

- (a) If the number of Scheme Shares held by a Scheme Shareholder at the Record Date is such that the aggregate entitlement of the Scheme Shareholder to Scheme Consideration:
- (i) comprising New Tabcorp Shares is such that a fractional entitlement to a New Tabcorp Share arises; or
 - (ii) comprising Cash Consideration is such that a fractional entitlement to a cent arises,
- then the entitlement of that Scheme Shareholder must be rounded up or down, with any such fractional entitlement of less than 0.5 being rounded down to the nearest whole number of New Tabcorp Shares (or cents, as applicable), and any such fractional entitlement of 0.5 or more will be rounded up to the nearest whole number of New Tabcorp Shares (or cents, as applicable).
- (b) If Tabcorp and Tatts are each of the opinion (acting reasonably) that two or more Scheme Shareholders (each of whom holds a number of Scheme Shares which results in rounding in accordance with clause 4.6(a)) have, before the Record Date, been party to shareholding splitting or division in an attempt to obtain unfair advantage by reference to such rounding, Tabcorp may direct Tatts to give notice to those Scheme Shareholders:
- (i) setting out their names and Registered Addresses as shown in the Tatts Share Register;
 - (ii) stating that opinion; and
 - (iii) attributing to one of them specifically identified in the notice the Scheme Shares held by all of them,

and, after such notice has been given, the Scheme Shareholder specifically identified in the notice as the deemed holder of all the specified Scheme Shares will, for the purposes of the other provisions of the Scheme, be taken to hold all of those Scheme Shares and each of the other Scheme Shareholders whose names

and Registered Addresses are set out in the notice will, for the purposes of the other provisions of the Scheme, be taken to hold no Scheme Shares. By complying with the other provisions of the Scheme in respect of the Scheme Shareholder specifically identified in the notice as the deemed holder of all the specified Scheme Shares, Tabcorp will be taken to have satisfied and discharged its obligations to the other Scheme Shareholders named in the notice under the terms of the Scheme.

4.7 Binding instruction or notifications

Except for a Scheme Shareholder's tax file number, any binding instruction or notification between a Scheme Shareholder and Tatts relating to Scheme Shares as at the Record Date (including, without limitation, any instructions relating to payment of dividends or to communications from Tatts) will, from the Record Date, be deemed (except to the extent determined otherwise by Tabcorp) to be a similarly binding instruction or notification to, and accepted by Tabcorp, in respect of the New Tabcorp Shares issued to the Scheme Shareholder until that instruction or notification is revoked or amended in writing addressed to Tabcorp at the Tabcorp Share Registry, provided that any such instructions or notifications accepted by Tabcorp will apply to and in respect of the issue of New Tabcorp Shares as part of the Scheme Consideration only to the extent that they are not inconsistent with the other provisions of this Scheme.

4.8 Orders of a Court or Government Agency

If written notice is given to Tatts (or the Tatts Share Registry) of an order or direction made by a Court of competent jurisdiction or by another Government Agency that:

- (a) requires consideration to be provided to a third party (either through payment of a sum or the issuance of a security) in respect of Scheme Shares held by a particular Scheme Shareholder, which would otherwise be payable or required to be issued to that Scheme Shareholder by Tatts in accordance with this clause 4, then Tatts shall be entitled to procure that provision of that consideration is made in accordance with that order or direction; or
- (b) prevents Tatts from providing consideration to any particular Scheme Shareholder in accordance with this clause 4, or issuance of such consideration is otherwise prohibited by applicable law, Tatts shall be entitled to (as applicable):
 - (i) retain an amount, in Australian dollars, equal to the number of Scheme Shares held by that Scheme Shareholder multiplied by the Cash Consideration; and
 - (ii) direct Tabcorp not to issue, or to issue to a trustee or nominee, such number of New Tabcorp Shares as that Scheme Shareholder would otherwise be entitled to under clause 4.3,

until such time as provision of the Scheme Consideration in accordance with this clause 4.8 is permitted by that (or another) order or direction or otherwise by law.

4.9 Ineligible Foreign Shareholders

- (a) Tabcorp will be under no obligation to issue any New Tabcorp Shares under this Scheme to any Ineligible Foreign Shareholder and instead, subject to clauses 4.6 and 4.8, Tabcorp will ensure that New Tabcorp Shares to which an Ineligible Foreign Shareholder would otherwise have been entitled (if they were a Scheme Shareholder) will be issued to a nominee appointed by Tabcorp.
- (b) Tabcorp will procure that, as soon as reasonably practicable and in any event not more than 15 Business Days after the Implementation Date, the nominee:
 - (i) sells or procures the sale on the financial market conducted by ASX of all of the New Tabcorp Shares issued to the nominee pursuant to

clause 4.9(a) in such manner, at such price and on such other terms as the nominee reasonably determines; and

- (ii) remits to Tabcorp the proceeds of sale (after deducting any applicable brokerage, stamp duty and other selling costs, taxes and charges).
- (c) Promptly after the last sale of New Tabcorp Shares in accordance with clause 4.9(b), Tabcorp will pay to each Ineligible Foreign Shareholder the proportion of the net proceeds of sale received by Tabcorp pursuant to clause 4.9(b)(ii) to which that Ineligible Foreign Shareholder is entitled.
- (d) Payment of the amount calculated under 4.9(b)(ii) to an Ineligible Foreign Shareholder in accordance with clause 4.11 satisfies in full the Ineligible Foreign Shareholder's right to the Scrip Consideration.

4.10 Breach of law or provision of Tabcorp constitution

- (a) Where the issue of New Tabcorp Shares to which a Scheme Shareholder would otherwise be entitled under this Scheme would result in a breach of law or of a provision of the constitution of Tabcorp, Tabcorp will on the Implementation Date:
 - (i) issue the maximum possible number of New Tabcorp Shares to the Scheme Shareholder without giving rise to such a breach;
 - (ii) to the maximum extent permitted by law, issue any further New Tabcorp Shares to which that Scheme Shareholder is otherwise entitled, but the issue of which to the Scheme Shareholder would give rise to such a breach, to a nominee appointed by Tabcorp;
 - (iii) procure that, as soon as reasonably practicable and in any event not more than 15 Business Days or within such other period agreed between the relevant Scheme Shareholder and Tabcorp, the nominee:
 - A. sells on the financial market conducted by ASX all of the New Tabcorp Shares issued to the nominee under clause 4.10(a)(ii) in such manner, at such price and on such other terms as the nominee determines in good faith (and at the risk of the relevant Scheme Shareholder); and
 - B. remits to Tabcorp the proceeds of sale (after deduction of any applicable brokerage and other selling costs, taxes and charges).
- (b) Tabcorp must promptly after the last sale of the New Tabcorp Shares in accordance with clause 4.10(a)(iii)(A), pay to each relevant Scheme Shareholder the net proceeds received by Tabcorp pursuant to clause 4.10(a)(iii)(B) to which that Scheme Shareholder is entitled,
- (c) Payment of the amount calculated under clause 4.10(a)(iii)(B) to a Breaching Shareholder in accordance with clause 4.11 satisfies in full the Breaching Shareholder's right to that part of the Scrip Consideration which falls within clause 4.10(a)(ii).

4.11 Ancillary nominee sale provisions

- (a) Neither Tabcorp nor Tatts gives any assurance as to the price that will be achieved for the sale of New Tabcorp Shares described in clauses 4.9(b)(i) and 4.10(a)(iii)(A). The sale of the New Tabcorp Shares under clause 4.9 or 4.10 will be at the risk of the relevant Scheme Shareholder.

- (b) Tabcorp must appoint each nominee required for the purposes of clause 4.9(a) or clause 4.10(a)(ii) at least 10 Business Days prior to the Scheme Meeting.
- (c) Tabcorp must make payments to Ineligible Foreign Shareholders under clause 4.9(c) or to Breaching Shareholders under clause 4.10(b) by either (in the absolute discretion of Tatts):
 - (i) where an Ineligible Foreign Shareholder or a Breaching Shareholder (as applicable) has, before the Record Date, made a valid election in accordance with the requirements of the Tatts Share Registry to receive dividend payments by Tatts by electronic funds transfer to a bank account nominated by the Ineligible Foreign Shareholder or the Breaching Shareholder (as applicable), paying, or procuring the payment of, the relevant amount in Australian currency by electronic means in accordance with that election; or
 - (ii) otherwise, whether or not the Ineligible Foreign Shareholder or the Breaching Shareholder (as applicable) has made an election referred to in clause 4.11(c)(i), dispatching, or procuring the dispatch of, a cheque for the relevant amount in Australian currency to the Ineligible Foreign Shareholder or the Breaching Shareholder (as applicable) by prepaid post to their Registered Address (as at the Record Date), such cheque being drawn in the name of the Ineligible Foreign Shareholder or the Breaching Shareholder (as applicable) (or in the case of joint holders, in accordance with the procedures in clause 4.4).
- (d) Each Ineligible Foreign Shareholder and Breaching Shareholder appoints Tatts as its agent to receive on its behalf any financial services guide (or similar or equivalent document) or other notices (including any updates of those documents) that the nominee is required to provide to Ineligible Foreign Shareholders or Breaching Shareholders under the Corporations Act or any other applicable law.

4.12 Status of New Tabcorp Shares

Tabcorp covenants in favour of Tatts (in its own right and on behalf of each Scheme Shareholder) that:

- (a) the New Tabcorp Shares issued as Scrip Consideration will, on their issue, rank equally in all respects with all other Tabcorp Shares on issue at the Effective Date;
- (b) it will use all reasonable endeavours to ensure that the New Tabcorp Shares issued as Scrip Consideration will be listed for quotation on the official list of the ASX with effect from the Business Day after the Effective Date (or such later date as ASX may require), initially on a deferred settlement basis and, with effect from the Business Day following the Implementation Date, on an ordinary (T+2) settlement basis; and
- (c) on issue, each New Tabcorp Share will be duly and validly issued in accordance with all applicable laws and Tabcorp's constitution, fully paid and, to the extent within the control of Tabcorp, free from any Encumbrance.

4.13 Withholding

If Tabcorp determines, having regard to legal advice, that Tabcorp is either:

- (a) required by law to:
 - (i) withhold any amount from a payment to a Scheme Shareholder; or
 - (ii) not issue a security (or any securities) to a Scheme Shareholder; or

- (b) liable to pay an amount to the Commissioner of Taxation under section 14-200 of Schedule 1 to Taxation Administration Act 1953 (Cth) (amounts required to be paid for CGT non-resident withholding) in respect of the acquisition of Scheme Shares from a Scheme Shareholder,

then Tabcorp is entitled to:

- (c) withhold the relevant amount before making the payment to the Scheme Shareholder; or
- (d) not issue the relevant security (or securities) to the Scheme Shareholder until permitted to do so,

(and payment of the reduced amount or issue of the reduced number of securities shall be taken to be full payment of the relevant amount for the purposes of this Scheme, including clauses 4.3 and 4.9(b)(ii)).

Tabcorp must pay any amount (or issue any security) so withheld to the relevant taxation authority within the time permitted by law, and, if requested in writing by the relevant Scheme Shareholder, provide a receipt or other appropriate evidence (or procure the provision of such receipt or other evidence) of such payment (or issue of any security) to the relevant Scheme Shareholder.

5. Dealings in Tatts Shares

5.1 Dealings in Tatts Shares by Scheme Shareholders

For the purposes of establishing the identity of Scheme Shareholders, dealings in Tatts Shares will only be recognised by Tatts if:

- (a) in the case of dealings of the type to be effected on CHESS, the transferee is registered in the Tatts Share Register as the holder of the relevant Tatts Shares on or before the Record Date; and
- (b) in all other cases, registrable transfers or transmission applications in respect of those dealings are received at the place where the Tatts Share Register is kept by 4:00pm on the day which is the Record Date (in which case Tatts must register such transfers before 7:00pm on that day),

and Tatts will not accept for registration, or recognise for the purpose of establishing who are Scheme Shareholders, any transmission application or transfer in respect of Tatts Shares received after such times on the Record Date.

5.2 Tatts Share Register

For the purposes of determining entitlements to the Scheme Consideration, Tatts will until the Scheme Consideration has been paid and Tabcorp has been entered in the Tatts Share Register as the holder of all of the Scheme Shares, maintain the Tatts Share Register in accordance with the provisions of this clause 5, and the Tatts Share Register in this form and the terms of this Scheme will solely determine entitlements to the Scheme Consideration.

5.3 Information to be made available to Tabcorp

Tatts must procure that, as soon as practicable following the Record Date and in any event by 5:00pm on the first Business Day after the Record Date, details of the names, Registered Addresses and holdings of Tatts Shares of every Scheme Shareholder shown in the Tatts Share Register at the Record Date are made available to Tabcorp in such form as Tabcorp may reasonably require.

5.4 Effect of share certificates and holding statements

As from the Record Date (and other than for Tabcorp, following the Implementation Date), all share certificates and holding statements for the Scheme Shares will cease to have effect as documents of title in respect of those Scheme Shares and, as from that date, each entry on the Tatts Share Register at that date (other than entries in respect of Tabcorp) will cease to have any effect other than as evidence of entitlement to the Scheme Consideration.

5.5 No disposals after Record Date

If the Scheme becomes Effective, a Scheme Shareholder, and any person claiming through that Scheme Shareholder, must not dispose of or purport or agree to dispose of any Scheme Shares or any interest in them after the Record Date, and any attempt to do so will have no effect and Tatts shall be entitled to disregard any such disposal.

6. Suspension and termination of quotation

- (a) Tatts must apply to ASX for suspension of trading of the Tatts Shares on ASX with effect from the close of trading on the Effective Date.
- (b) Tatts must apply to ASX for termination of official quotation of the Tatts Shares on ASX with effect from the Business Day immediately following the Implementation Date.

7. General Scheme provisions

7.1 Appointment of agent and attorney

Each Scheme Shareholder, without the need for any further act:

- (a) on the Implementation Date, irrevocably appoints Tatts and each of its directors, officers and secretaries (jointly and each of them severally) as its agent and attorney for the purpose of executing any document or form or doing any other act necessary to give effect to the terms of this Scheme including, without limitation, the execution of the share transfer(s) to be delivered under clause 4.2 and the giving of the Scheme Shareholders' consent under clause 7.3; and
- (b) on the Effective Date, irrevocably appoints Tatts and each of its directors, officers and secretaries (jointly and each of them severally) as its agent and attorney for the purpose of enforcing the Deed Poll against Tabcorp,

and Tatts accepts such appointment. Tatts, as agent of each Scheme Shareholder, may sub-delegate its functions, authorities or powers under this clause 7.1 to all or any of its directors, officers or secretaries (jointly, severally or jointly and severally).

7.2 Enforcement of Deed Poll

Tatts undertakes in favour of each Scheme Shareholder that it will enforce the Deed Poll against Tabcorp (as applicable on behalf of and as agent and attorney for the Scheme Shareholders).

7.3 Scheme Shareholders' consent

Each Scheme Shareholder irrevocably:

- (a) consents to Tatts and Tabcorp doing all things and executing all deeds, instruments, transfers or other documents as may be necessary, incidental or desirable to the implementation and performance of the Scheme; and

- (b) acknowledges that the Scheme binds Tatts and all of the Tatts Shareholders from time to time (including those who do not attend the Scheme Meeting, do not vote at that meeting or vote against the resolution to approve this Scheme).

7.4 Scheme Shareholder's agreements

Under the Scheme:

- (a) each Scheme Shareholder to whom New Tabcorp Shares are to be issued in accordance with this Scheme:
- (i) agrees to become a member of Tabcorp and to have their name entered in the Tabcorp Share Register; and
 - (ii) accepts the New Tabcorp Shares issued under this Scheme on the terms and conditions of the constitution of Tabcorp and agrees to be bound by the constitution of Tabcorp as in force from time to time, without the need for any further act by a Scheme Shareholder;
- (b) each Scheme Shareholder agrees to the transfer of their Scheme Shares, together with all rights and entitlements attaching to those Scheme Shares, to Tabcorp in accordance with the terms of this Scheme; and
- (c) agrees to the variation, cancellation or modification (if any) of the rights attached to their Scheme Shares constituted by or resulting from this Scheme.

7.5 Warranty by Scheme Shareholders

Each Scheme Shareholder is deemed to have warranted to Tabcorp and, to the extent enforceable, appointed and authorised Tatts as its agent to warrant to Tabcorp, that:

- (a) all of its Scheme Shares (including any rights and entitlements attaching to those Scheme Shares) will, at the date of the transfer of them to Tabcorp under this Scheme, be fully paid and free from all Encumbrances and Security Interests, and from any interests of third parties or any restrictions on transfer of any kind (whether legal or otherwise), and that it has full power and capacity to sell and to transfer those Scheme Shares together with any rights and entitlements attaching to such shares to Tabcorp under this Scheme. Tatts undertakes that it will provide such warranty to Tabcorp as agent and attorney of each Scheme Shareholder; and
- (b) it has no existing right to be issued any other Tatts Shares or any other form of Tatts securities. Tatts undertakes that it will provide such warranty to Tabcorp as agent and attorney of each Scheme Shareholder.

7.6 Title to Scheme Shares and transfer free from encumbrance

- (a) Immediately upon the provision of the Scheme Consideration to each Scheme Shareholder in the manner contemplated under clause 4.3, Tabcorp will be beneficially entitled to the Scheme Shares transferred to it under this Scheme pending registration by Tatts of Tabcorp in the Tatts Share Register as the holder of the Scheme Shares.
- (b) To the extent permitted by law, the Scheme Shares (including all rights and entitlements attaching to the Scheme Shares) transferred under this Scheme to Tabcorp, will, at the time of transfer to Tabcorp, vest in Tabcorp free from all Encumbrances and Security Interests and free from any restrictions on transfer of any kind.

7.7 Appointment of sole proxy

Immediately upon the provision of the Scheme Consideration to each Scheme Shareholder in the manner contemplated by clause 4.3, and until Tatts registers Tabcorp as the holder of all Scheme Shares in the Tatts Share Register, each Scheme Shareholder:

- (a) is deemed to have appointed Tabcorp as attorney and agent (and directed Tabcorp in each such capacity) to appoint any director, officer, secretary or agent nominated by Tabcorp as its sole proxy and, where applicable or appropriate, corporate representative to attend shareholders' meetings, exercise the votes attaching to the Scheme Shares registered in their name and sign any shareholders' resolution or document;
- (b) must not attend or vote at any of those meetings or sign any resolutions, whether in person, by proxy or by corporate representative (other than pursuant to clause 7.7(a));
- (c) must take all other actions in the capacity of a registered holder of Scheme Shares as Tabcorp reasonably directs; and
- (d) acknowledges and agrees that, in exercising the powers referred to in clause 7.7(a), Tabcorp and any director, officer, secretary or agent nominated by Tabcorp under clause 7.7(a) may act in the best interests of Tabcorp as the intended registered holder of the Scheme Shares.

7.8 Alterations and conditions

Tatts may, by its counsel or solicitors, and with the consent of Tabcorp by its counsel or solicitors, consent on behalf of all persons concerned, including a Scheme Shareholder, to any modification of or amendment to the Scheme which the Court may impose, and each Scheme Shareholder agrees to such alterations or conditions which Tatts has agreed to.

7.9 Notices

Where a notice, transfer, transmission application, direction or other communication referred to in the Scheme is sent by post to Tatts, it will not be deemed to be received in the ordinary course of post or on a date other than the date (if any) on which it is actually received at Tatts' registered office or at the Tatts Share Registry (as the case may be).

7.10 Inconsistencies

This Scheme binds Tatts and all Tatts Shareholders, and to the extent of any inconsistency, overrides Tatts' constitution.

7.11 Further assurance

Tatts and Tabcorp will execute all documents and do all acts and things as may be necessary or desirable for the implementation of, and performance of their respective obligations under, this Scheme.

7.12 Stamp duty

Tabcorp will:

- (a) pay any stamp duty payable and any related fines and penalties in respect of this Scheme and the Deed Poll, the performance of the Deed Poll and each transaction effected by or made under this Scheme and the Deed Poll; and
- (b) indemnify each Scheme Shareholder against any liability arising from its failure to comply with clause 7.12(a).

7.13 Governing law

This Scheme is governed by the law applying in Victoria. The parties submit to the non-exclusive jurisdiction of the courts of Victoria and the courts competent to determine appeals from those courts, with respect to any proceedings in connection with the Scheme.