

27 May 2004

**Tab Board unanimously recommends increased final offer
from TABCORP**

TABCORP Holdings Limited (TABCORP) and Tab Limited (Tab) today announced that TABCORP proposes to increase its takeover offer for Tab and that the Tab Board now unanimously recommends that Tab shareholders accept TABCORP's improved offer, in the absence of a superior proposal.

TABCORP proposes to increase its takeover offer by 10 cents cash per Tab share, with payment of the increase conditional on TABCORP acquiring at least 90% of Tab shares.

TABCORP's increased offer values Tab shares at \$4.77 per share based on TABCORP's closing share price on the ASX yesterday (subject to the effects of rounding) assuming TABCORP acquires at least 90% of Tab shares.

All of the Tab Directors who hold Tab shares intend to accept TABCORP's revised offer in relation to those shares.

TABCORP announced that its proposed offer is now final and will not be further increased other than in the unlikely event that another takeover offer for Tab, or a merger proposal involving Tab, is announced and TABCORP considers that an increase is necessary and appropriate to achieve control of Tab.

TABCORP's Chairman, Michael Robinson, said:

"We are delighted that the Tab Board has unanimously recommended TABCORP's offer."

"Our offer provides significant benefits for Tab shareholders including the opportunity to receive a significant premium for their Tab shares."

"Tab shareholders have the opportunity to become shareholders in TABCORP, Australia's premier gambling and entertainment group. We look forward to welcoming Tab shareholders as shareholders in TABCORP."

Tab's Chairman, Graham Kelly, said:

"The Board is pleased that TABCORP's increased offer has recognised the significant value that has been created by Tab since its listing in 1998."

"Our recommendation today has been driven by a desire to ensure that our shareholders' interests are best served. Tab's Board and management have been working to achieve the most attractive offer price available for our shareholders."

"It is worth noting that the Tab share price at the time we initiated industry consolidation in April 2003 was \$3.05. The implied value of the TABCORP offer for Tab is \$4.77 per Tab share as at 26 May 2004."

" This represents a return to Tab shareholders of 62%, or an increase in value of approximately \$850 million during that time (including the benefits of dividends paid)."

"Tab's businesses are in excellent shape, offer significant strategic value and are well positioned for further growth. The quality of these businesses is reflected in the increased offer from TABCORP, which we now recommend shareholders accept, in the absence of a superior proposal (which the Board considers unlikely)."

TABCORP also announced that it will extend its offer by approximately two weeks so that the offer will now close at 7.00pm (Sydney time) on Wednesday, 23 June 2004, unless extended or withdrawn.

Mr Robinson concluded: "TABCORP's offer provides Tab shareholders with an exciting opportunity which they should accept now. To accept the offer, Tab shareholders should follow the instructions on the acceptance form they have received previously."

Tab shareholders can expect to receive supplementary offer documentation in due course.

If Tab shareholders have questions in relation to TABCORP's offer, they should call Tab's information line on 1300 137 984 or TABCORP's offer information line on 1800 010 202.

If Tab shareholders wish to obtain a replacement acceptance form, they should call the TABCORP offer information line on 1800 010 202.

For further information please contact:

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