

ASX Announcement

19 October 2016



Merger Implementation Deed

Attached is a copy of the Merger Implementation Deed entered into between Tatts Group Limited and Tabcorp Holdings Limited



HERBERT
SMITH
FREEHILLS

Deed

EXECUTION

Merger implementation deed

Tabcorp Holdings Limited

Tatts Group Limited

rodd.levy@hsf.com



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HERBERT
SMITH
FREEHILLS

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Attachment 1

Scheme of arrangement

Attachment 2

Deed poll



Merger implementation deed

Date ► 18 October 2016

Between the parties

Tabcorp **Tabcorp Holdings Limited ABN 66 063 780 709**
of 5 Bowen Crescent, Melbourne, VIC 3004

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

Recitals

- 1 Subject to the conditions in this deed, the parties have agreed to merge and, for this purpose, Tabcorp will acquire all of the ordinary shares in Tatts by means of a scheme of arrangement under Part 5.1 of the Corporations Act between Tatts and the Scheme Shareholders.
- 2 The parties have agreed to implement the scheme of arrangement on the terms of this deed.

This deed witnesses as follows:

1 Definitions and interpretation

1.1 Definitions

The meanings of the terms used in this deed are set out below.

Term	Meaning
ACCC	the Australian Competition and Consumer Commission.
AIFRS	the International Financial Reporting Standards as adopted in Australia.
ASIC	the Australian Securities and Investments Commission.
Associate	has the meaning set out in section 12 of the Corporations Act.
ASX	ASX Limited ABN 98 008 624 691 and, where the context requires, the financial market that it operates.
Business Day	a day that is not a Saturday, Sunday or a public holiday or bank holiday in Melbourne.
CCA	the <i>Competition and Consumer Act 2010</i> (Cth).
Claim	<p>any claim, demand, legal proceedings or cause of action, including any claim, demand, legal proceedings or cause of action:</p> <ol style="list-style-type: none">1 based in contract (including breach of warranty);2 based in tort (including misrepresentation or negligence);3 under common law or equity; or4 under statute (including the Australian Consumer Law (being Schedule 2 of the CCA or Part VI of the CCA, or like provision in any state or territory legislation), <p>in any way relating to this deed or the Transaction, and includes a claim, demand, legal proceedings or cause of action arising under an indemnity in this deed.</p>



Term	Meaning
Competition Approval Reimbursement Fee	A\$35,000,000.
Competing Proposal	<p>in relation to a party, any proposal, agreement, arrangement or transaction (or expression of interest therefor), which, if entered into or completed, would result in a Third Party (either alone or together with any Associate):</p> <ol style="list-style-type: none">1 directly or indirectly acquiring a Relevant Interest in, or having a right to acquire, a legal, beneficial or economic interest in, or control of, 10% or more of the share capital of the party or any material Subsidiary of the party;2 acquiring Control of the party or any material Subsidiary of the party;3 directly or indirectly acquiring or become the holder of, or otherwise acquire or have a right to acquire, a legal, beneficial or economic interest in, or control of, all or a substantial part of the party's business or assets or the business or assets of the group consisting of the party and its subsidiaries;4 otherwise directly or indirectly acquiring or merging with the party or a material Subsidiary of the party; or5 require the party to abandon, or otherwise fail to proceed with, the Transaction,<p>whether by way of takeover bid, members' or creditors' scheme of arrangement, shareholder approved acquisition, capital reduction, buy-back, sale or purchase of shares, other securities or assets, assignment of assets and liabilities, incorporated or unincorporated joint venture, dual-listed company (or other synthetic merger), deed of company arrangement, any debt for equity arrangement or other transaction or arrangement.</p><p>Each successive material modification or variation of any proposal, agreement, arrangement or transaction in relation to a Competing Proposal will constitute a new Competing Proposal.</p>
Condition Precedent	each of the conditions set out in clause 3.1.
Confidentiality Agreement	the confidentiality deed between Tabcorp and Tatts dated 14 September 2015, including the Protocols.
Control	has the meaning given in section 50AA of the Corporations Act, disregarding subsection 50AA(4).
Corporations Act	the <i>Corporations Act 2001</i> (Cth).



Term	Meaning
Corporations Regulations	the <i>Corporations Regulations 2001</i> (Cth).
Court	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	a deed poll to be entered into by Tabcorp substantially in the form of Attachment 2 under which Tabcorp covenants in favour of the Scheme Shareholders to perform, subject to satisfaction of the Conditions Precedent, the obligations attributed to Tabcorp under the Scheme.
Effective	when used in relation to the Scheme, the coming into effect, under subsection 411(10) of the Corporations Act, of the order of the Court made under paragraph 411(4)(b) of the Corporations Act in relation to the Scheme.
Effective Date	the date on which the Scheme becomes Effective.
End Date	30 September 2017, which date will be extended to 31 December 2017 without any action being required on the part of either party if the Condition Precedent in clause 3.1(a)(1) has not been satisfied or waived by 30 September 2017.
Exclusivity Period	the period from and including the date of this deed to the earlier of: <ol style="list-style-type: none">1 the date of termination of this deed;2 the End Date; and3 the Effective Date.
Executive Incentive Arrangement	a performance right in respect of Tatts Shares or Tabcorp Shares (as applicable) issued or to be issued to an employee of the Tatts Group or Tabcorp Group (as applicable).
Fairly Disclosed	a reference to 'Fairly Disclosed' means disclosed to a party or any of its Related Persons, to the extent that, and in sufficient detail so as to enable, a reasonable bidder (or one of its Related Persons) experienced in transactions similar to the Transaction and experienced in a business similar to any business conducted by the disclosing party, to identify with reasonable particularity the nature and scope of the relevant matter, event or circumstance (including, in each case, that the financial effect of the relevant matter, event or circumstance was reasonably ascertainable from the information



Term	Meaning
	disclosed).
Financial Advisor	any financial advisor retained by a party in relation to the Transaction or a Competing Proposal from time to time.
First Court Date	the first day on which an application made to the Court for an order under subsection 411(1) of the Corporations Act convening the Scheme Meeting is heard or, if the application is adjourned or subject to appeal for any reason, the day on which the adjourned application is heard.
Government Agency	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	the fifth Business Day after the Scheme Record Date, or such other date after the Scheme Record Date as the parties agree in writing.
Independent Expert	the independent expert in respect of the Scheme appointed by Tatts.
Independent Expert's Report	means the report to be issued by the Independent Expert in connection with the Scheme, such report to be included in or to accompany the Scheme Booklet, and including any subsequent, updated or supplementary report, setting out the Independent Expert's opinion whether or not the Transaction is in the best interests of Tatts Shareholders and the reasons for holding that opinion.
Ineligible Foreign Shareholder	a Scheme Shareholder whose address shown in the Tatts Share Register on the Scheme 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.
Insolvency Event	means, in relation to an entity: <ol style="list-style-type: none">1 the entity resolving that it be wound up or a court making an order for the winding up or dissolution of the entity;2 a liquidator, provisional liquidator, administrator, receiver,



Term	Meaning
	<p>receiver and manager or other insolvency official being appointed to the entity or in relation to the whole, or a substantial part, of its assets;</p> <p>3 the entity executing a deed of company arrangement;</p> <p>4 the entity ceases, or threatens to cease to, carry on substantially all the business conducted by it as at the date of this deed;</p> <p>5 the entity is or becomes unable to pay its debts when they fall due within the meaning of the Corporations Act (or, if appropriate, legislation of its place of incorporation) or is otherwise presumed to be insolvent under the Corporations Act unless the entity has, or has access to, committed financial support from its parent entity such that it is able to pay its debts; or</p> <p>6 the entity being deregistered as a company or otherwise dissolved.</p>
Listing Rules	the official listing rules of ASX.
Material Adverse Change	<p>means, in relation to a party, an event, change, condition, matter, circumstance or thing occurring, or an event or matter does not occur or condition is not satisfied (including, where a Third Party counterparty to a contract, licence, registration, permit or authorisation held by or to which a Tabcorp Group Member or Tatts Group Member is a party, does not provide their consent, approval or waiver as may be required having regard to the terms of the Transaction) before, on or after the date of this deed (each a Specified Event) which, whether individually or when aggregated with all such events, changes, conditions, matters, circumstances or things of a like kind that have occurred, has had or would be considered reasonably likely to have:</p> <p>1 the effect of a diminution in the value of the consolidated net assets of the party and its subsidiaries, taken as a whole and disregarding intangible asset write downs, by at least \$340 million in the case of Tabcorp or at least \$600 million in the case of Tatts against what it would reasonably have been expected to have been but for such Specified Event; or</p> <p>2 the effect of a diminution in the recurring consolidated earnings before interest and tax of the party and its subsidiaries, taken as a whole and disregarding abnormal and non-recurring items, by at least \$100 million per financial year for the party and its subsidiaries against what they would reasonably have been expected to have been but for such Specified Event,</p> <p>other than an event, change, condition, matter, circumstance or thing:</p> <p>3 required or expressly permitted by this deed, the Scheme or the transactions contemplated by either;</p> <p>4 that is Fairly Disclosed in the Tabcorp Disclosure Materials or the Tatts Disclosure Materials (or which ought reasonably have</p>



Term	Meaning
	<p>been expected to arise from a matter, event or circumstance which was so disclosed);</p> <p>5 agreed to in writing by the other party;</p> <p>6 arising as a result of any generally applicable change in law or governmental policy (including any fee, tax, levy, charge, payment, cost, impost, deduction or withholding imposed or collected by, or payable to, any Government Agency or Racing Control Body by any participant in any industry in which either party conducts its business);</p> <p>7 arising from changes in economic or business conditions that impact on the party and its competitors in a similar manner;</p> <p>8 that was Fairly Disclosed in an announcement made by the party to ASX, or a document lodged by the party with ASIC, in the 12 month period prior to the date of this deed (or which ought reasonably have been expected to arise from a matter, event or circumstance which was so disclosed); or</p> <p>9 which has a similar or substantially similar impact on the other party.</p>
Material Contract	<p>any agreement, contract, deed or other arrangement or instrument to which the party or one of its subsidiaries is a party that:</p> <p>1 imposes obligations or liabilities on any party or under which a party derives revenue, of at least \$25 million per annum or \$100 million over the life of the agreement, contract, deed or other arrangement or instrument; or</p> <p>2 is material in the context of the businesses of the party and its subsidiaries taken as a whole.</p>
Merged Entity	<p>the combination of Tabcorp and Tatts represented by Tabcorp as it will then be constituted if the Scheme becomes Effective and the transactions and actions contemplated in this deed take effect.</p>
New Tabcorp Share	<p>a fully paid ordinary share in Tabcorp to be issued to Scheme Shareholders under the Scheme.</p>
Operating Rules	<p>the official operating rules of ASX.</p>
Performance Right	<p>a right to be issued a Restricted Share under the Tatts Group Rights Plan.</p>
Permitted Dividend	<p>a Permitted Ordinary Course Dividend or a Tatts Special Dividend.</p>



Term	Meaning
Permitted Ordinary Course Dividend	a dividend permitted to be paid in accordance with clause 6.2.
Prescribed Occurrence	<p>means, in relation to a party, other than:</p> <ol style="list-style-type: none">1 as required or expressly permitted by this deed, the Scheme or the transactions contemplated by either;2 as Fairly Disclosed in the Tabcorp Disclosure Materials or the Tatts Disclosure Materials;3 as agreed to in writing by the other party;4 as Fairly Disclosed by the party in an announcement made by it to ASX, or a document lodged by it with ASIC, in the 12 month period prior to the date of this deed; or5 any payments, distributions or transfers solely between members of the Tatts Group in order for the Tatts Board to be able to declare and pay the Tatts Special Dividend, <p>the occurrence of any of the following after the date of this deed:</p> <ol style="list-style-type: none">1 the party converting all or any of its shares into a larger or smaller number of shares;2 the party or one of its subsidiaries resolving to reduce its share capital in any way;3 the party or one of its subsidiaries:<ul style="list-style-type: none">• entering into a buy-back agreement; or• resolving to approve the terms of a buy-back agreement under the Corporations Act;4 the party or one of its subsidiaries issuing shares or securities convertible into shares, or granting an option over its shares, or agreeing to make such an issue or grant such an option, other than:<ul style="list-style-type: none">• the issue of shares on the vesting of any rights presently on issue under the party's executive incentive plan; or• the grant of new rights to employees in the ordinary course under current Executive Incentive Arrangements, in the case of Tatts up to a total of 700,000 new rights and in the case of Tabcorp up to a total of 3,000,000 new rights, and the issue of shares upon the vesting of those rights;5 the party or one of its subsidiaries disposing, or agreeing to dispose, of the whole, or a substantial part, of its business or property;6 the party or one of its subsidiaries granting a Security Interest, or agreeing to grant a Security Interest, in the whole, or a substantial part, of its business or property;7 an Insolvency Event occurs in relation to the party or one of its subsidiaries; or8 the party declaring, paying or distributing any dividend, bonus



Term	Meaning
	or other share of its profits or assets to its shareholders, other than a Permitted Dividend.
Protocols	the communications protocol set out in Schedule 2 of the Confidentiality Agreement.
Racing Control Body	any club, society, association, corporation, or body of persons (whether incorporated or unincorporated), which is established or operates for the purpose of: <ol style="list-style-type: none">1 conducting or controlling thoroughbred racing, harness racing or greyhound racing; or2 imposing, administering or collecting fees in connection with thoroughbred racing, harness racing or greyhound racing.
RG 60	Regulatory Guide 60 issued by ASIC in September 2011.
Registered Address	in relation to a Tatts Shareholder, the address shown in the Tatts Share Register as at the Scheme Record Date.
Regulator's Draft	the draft of the Scheme Booklet in a form which is agreed to between the parties (acting reasonably) and that is provided to ASIC for approval pursuant to subsection 411(2) of the Corporations Act.
Regulatory Approval	an approval or consent set out in clause 3.1(a).
Reimbursement Fee	A\$55,000,000.
Related Bodies Corporate	has the meaning set out in section 50 of the Corporations Act.
Related Person	in respect of a party or its Related Bodies Corporate, each director, officer, employee, Financial Advisor (and each director, officer, employee or contractor of that Financial Advisor), agent or representative of that party or Related Body Corporate.
Relevant Interest	has the meaning given in sections 608 and 609 of the Corporations Act.



Term	Meaning
Restricted Share	a Tatts Share which is subject to a disposal restriction, as determined by the Tatts Board under the Tatts Group Rights Plan.
Scheme	the scheme of arrangement under Part 5.1 of the Corporations Act between Tatts and the Scheme Shareholders, the form of which is attached as Attachment 1, subject to any alterations or conditions made or required by the Court under subsection 411(6) of the Corporations Act and agreed to in writing by Tabcorp and Tatts.
Scheme Booklet	<p>the scheme booklet to be prepared by Tatts in respect of the Transaction in accordance with clause 5.2(a) in a form agreed between the parties (acting reasonably) to be despatched to the Tatts Shareholders and which must include or be accompanied by:</p> <ul style="list-style-type: none">• a copy of the Scheme;• an explanatory statement complying with the requirements of the Corporations Act, the Corporations Regulations and RG 60;• the Independent Expert's Report;• a copy or summary of this deed;• a copy of the executed Deed Poll;• a notice of meeting; and• a proxy form.
Scheme Consideration	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 Scheme Record Date, an amount of 0.80 New Tabcorp Shares plus a cash sum of \$0.425, subject to adjustment in accordance with clause 6.3.
Scheme Meeting	the meeting of Tatts Shareholders ordered by the Court to be convened under subsection 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 Record Date	5.00pm on the fifth Business Day after the Effective Date or such other time and date as the parties agree in writing.
Scheme Shares	all Tatts Shares held by the Scheme Shareholders as at the Scheme Record Date.
Scheme Shareholder	a Tatts Shareholder as at the Scheme Record Date.



Term	Meaning
Second Court Date	the first day on which an application made to the Court for an order under paragraph 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 51A of the Corporations Act.
Subsidiary	has the meaning given in Division 6 of Part 1.2 of the Corporations Act.
Superior Proposal	<p>in relation to Tatts, a <i>bona fide</i> Competing Proposal received by it from a Third Party:</p> <ol style="list-style-type: none">1 which, if entered into or completed, would result in a Third Party acquiring Control of Tatts;2 not resulting from a breach by Tatts of any of its obligations under clause 13 of this deed (it being understood that any actions by the Related Persons of Tatts in breach of clause 13 shall be deemed to be a breach by Tatts for the purpose hereof); and <p>which the Tatts Board, acting in good faith, and after receiving written legal advice from its legal advisor and written advice from its financial advisor, determines would, if completed substantially in accordance with its terms, likely be more favourable to Tatts Shareholders (as a whole) than the Transaction, taking into account all terms and conditions and other aspects of the Competing Proposal (including any timing considerations, any conditions precedent or other matters affecting the probability of the Competing Proposal being completed).</p>
Tabcorp Board	the board of directors of Tabcorp and a 'Tabcorp Board Member ' means any director of Tabcorp comprising part of the Tabcorp Board.
Tabcorp Constitution	the constitution, as amended from time to time, of Tabcorp.
Tabcorp Data Room	the online data room established by Tabcorp which is accessed at: https://services.intralinks.com/ui/flex/CIX.html?workspaceId=3682805&br=4220452992&defaultTab=documents .
Tabcorp Disclosure Letter	a letter identified as such provided by Tabcorp to Tatts and countersigned by Tatts prior to entry into this deed.



Term	Meaning
Tabcorp Disclosure Materials	<ol style="list-style-type: none">1 the documents and information contained in the Tabcorp Data Room made available by Tabcorp to Tatts and its Related Persons prior to entry into this deed, the index of which has been initialled by, or on behalf of, the parties for identification;2 written responses from Tabcorp and its Related Persons to requests for further information made by Tatts and its Related Persons prior to the entry into this deed; and3 the Tabcorp Disclosure Letter.
Tabcorp Group	Tabcorp and each of its Subsidiaries, and a reference to a ' Tabcorp Group Member ' or a ' member of the Tabcorp Group ' is to Tabcorp or any of its Subsidiaries.
Tabcorp Indemnified Parties	Tabcorp, its Subsidiaries and their respective directors, officers and employees.
Tabcorp Information	information regarding the Tabcorp Group, and the Merged Entity following implementation of the Scheme, provided by Tabcorp to Tatts in writing for inclusion in the Scheme Booklet, being: <ol style="list-style-type: none">1 a letter from Tabcorp's Chairman;2 information about Tabcorp, other Tabcorp Group Members, the businesses of the Tabcorp Group, Tabcorp's interests and dealings in Tatts Shares and Tabcorp's intentions for Tatts and Tatts' employees; and3 any other information required under the Corporations Act, Corporations Regulations or RG 60 to enable the Scheme Booklet to be prepared that the parties agree is 'Tabcorp Information' and that is identified in the Scheme Booklet as such.
Tabcorp Registry	Link Market Services Limited ABN 54 083 214 537 of Tower 4, Collins Square, 727 Collins Street, Melbourne, VIC, Australia 3000.
Tabcorp Reimbursement Fee	a Reimbursement Fee payable by Tabcorp in accordance with clause 14.
Tabcorp Representations and Warranties	the representations and warranties of Tabcorp set out in Schedule 1.
Tabcorp Shares	fully paid ordinary shares in the capital of Tabcorp.



Term	Meaning
Tatts Consolidated Tax Group	the consolidated group of which Tatts is the head company (where 'consolidated group' and 'head company' have the same meaning as in the Tax Act).
Tatts Board	the board of directors of Tatts and a 'Tatts Board Member ' means any director of Tatts comprising part of the Tatts Board.
Tatts Data Room	the online data room established by Tatts which is accessed at: https://dataroom.ansarada.com/nelson .
Tatts Disclosure Letter	a letter identified as such provided by Tatts to Tabcorp and countersigned by Tabcorp prior to entry into this deed.
Tatts Disclosure Materials	<ol style="list-style-type: none">1 the documents and information contained in the Tatts Data Room made available by Tatts to Tabcorp and its Related Persons prior to entry into this deed, the index of which has been initialled by, or on behalf of, the parties for identification;2 written responses from Tatts and its Related Persons to requests for further information made by Tabcorp and its Related Persons prior to the entry into this deed; and3 the Tatts Disclosure Letter.
Tatts Group	Tatts and each of its Subsidiaries, and a reference to a ' Tatts Group Member ' or a ' member of the Tatts Group ' is to Tatts or any of its Subsidiaries.
Tatts Group Rights Plan	means the Tatts Group Rights Plan adopted by Tatts Group on 26 June 2014 and the Tatts Long Term Executive Performance Plan as re-adopted by the Tatts Group on 29 September 2016.
Tatts Indemnified Parties	Tatts, its Subsidiaries and their respective directors, officers and employees.
Tatts Information	information regarding the Tatts Group prepared by Tatts for inclusion in the Scheme Booklet, which for the avoidance of doubt comprises the entirety of the Scheme Booklet but does not include the Tabcorp Information, the Independent Expert's Report, any investigating accountant's report or other report or opinion prepared by an external adviser to Tatts.
Tatts Registry	Computershare Investor Services Pty Limited ABN 48 078 279 277 of 117 Victoria Street, West End, QLD, Australia 4101.



Term	Meaning
Tatts Reimbursement Fee	a Reimbursement Fee payable by Tatts in accordance with clause 14.
Tatts Representations and Warranties	the representations and warranties of Tatts set out in Schedule 2.
Tatts Share	a fully paid ordinary share in the capital of Tatts.
Tatts Shareholder	a person who is registered as the holder of a Tatts Share in the Tatts Share Register.
Tatts Share Register	the register of members of Tatts maintained by the Tatts Registry in accordance with the Corporations Act.
Tatts Special Dividend	has the meaning given to that term in clause 6.3.
Tatts Special Dividend Record Date	has the meaning given to that term in clause 6.3(a).
Tax	any tax, levy, charge, impost, fee, deduction, goods and services tax, compulsory loan or withholding, stamp, transaction or registration duty or similar charge that is assessed, levied, imposed or collected by any Governmental Agency and includes any interest, fine, penalty, charge, fee or any other amount imposed on, or in respect of any of the above.
Tax Act	the <i>Income Tax Assessment Act 1997</i> (Cth).
Third Party	a person other than Tatts, Tabcorp or their respective Related Bodies Corporate or Associates.
Timetable	the indicative timetable for the implementation of the Transaction agreed between and initialled by the parties' lawyers for the purposes of identification on or about the date of this deed.
Transaction	the acquisition of the Scheme Shares by Tabcorp through implementation of the Scheme in accordance with the terms of this deed.



1.2 Interpretation

In this deed:

- (a) headings and bold type are for convenience only and do not affect the interpretation of this deed;
- (b) the singular includes the plural and the plural includes the singular;
- (c) words of any gender include all genders;
- (d) other parts of speech and grammatical forms of a word or phrase defined in this deed have a corresponding meaning;
- (e) a reference to a person includes any company, partnership, joint venture, association, corporation or other body corporate and any Government Agency, as well as an individual;
- (f) a reference to a clause, party, schedule, attachment or exhibit is a reference to a clause of, and a party, schedule, attachment or exhibit to this deed;
- (g) a reference to any legislation includes all delegated legislation made under it and amendments, consolidations, replacements or re-enactments of any of them (whether passed by the same or another Government Agency with legal power to do so);
- (h) a reference to a document (including this deed) includes all amendments or supplements to, or replacements or novations of, that document;
- (i) a reference to a party to a document includes that party's successors and permitted assignees;
- (j) 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;
- (k) any agreement, representation, warranty or indemnity in favour of two or more parties (including where two or more persons are included in the same defined term) is for the benefit of them jointly and severally;
- (l) a reference to an agreement other than this deed includes a deed and any legally enforceable undertaking, agreement, arrangement or understanding, whether or not in writing;
- (m) a reference to liquidation or insolvency includes appointment of an administrator, compromise, arrangement, merger, amalgamation, reconstruction, winding up, dissolution, deregistration, assignment for the benefit of creditors, scheme, composition or arrangement with creditors, insolvency, bankruptcy, or any similar procedure or, where applicable, changes in the constitution of any partnership or person, or death;
- (n) no provision of this deed will be construed adversely to a party because that party was responsible for the preparation of this deed or that provision;
- (o) a reference to a body (including an institute, association or authority), other than a party to this deed, whether statutory or not:
 - (1) which ceases to exist; or
 - (2) whose powers or functions are transferred to another body,is a reference to the body which replaces it or which substantially succeeds to its powers or functions;
- (p) a reference to '\$', 'A\$' or 'dollar' is to the lawful currency of Australia;



- (q) a reference to any time, unless otherwise indicated, is to the time in Melbourne, Australia;
- (r) if a period of time is specified and dates from a given day or the day of an act or event, it is to be calculated exclusive of that day;
- (s) a reference to a day is to be interpreted as the period of time commencing at midnight and ending 24 hours later;
- (t) if an act prescribed under this deed to be done by a party on or by a given day is done after 5.00pm on that day, it is taken to be done on the next day;
- (u) a term defined in or for the purposes of the Corporations Act, and which is not defined in clause 1.1, has the same meaning when used in this deed; and
- (v) a reference to the Listing Rules and the Operating Rules includes any variation, consolidation or replacement of these rules and is to be taken to be subject to any waiver or exemption granted to the compliance of those rules by a party.

1.3 Interpretation of inclusive expressions

Specifying anything in this deed after the words 'include' or 'for example' or similar expressions does not limit what else is included.

1.4 Business Day

Where the day on or by which any thing is to be done is not a Business Day, that thing must be done on or by the next Business Day.

1.5 Deed components

This deed includes any schedule.

1.6 Awareness

Where a representation or warranty is given so far as a party 'is aware' or with a similar qualification as to awareness or knowledge, the awareness or knowledge of a party is limited to and deemed only to comprise those facts, matters or circumstances of which that party's Chairperson, Chief Executive Officer or Managing Director, Chief Financial Officer, General Counsel or any other direct report to a party's Chief Executive Officer or Managing Director is aware or ought reasonably to be aware, as at the date of this deed.

2 Agreement to proceed with the Transaction

- (a) Tatts agrees to propose the Scheme on and subject to the terms and conditions of this deed.
- (b) Tabcorp agrees to assist Tatts to propose the Scheme on and subject to the terms and conditions of this deed.
- (c) Tatts and Tabcorp agree to implement the Scheme on and subject to the terms and conditions of this deed.



3 Conditions Precedent and pre-implementation steps

3.1 Conditions Precedent

Subject to this clause 3, the Scheme will not become Effective, and the respective obligations of the parties under clause 4 are not binding, until each of the following Conditions Precedent is satisfied or waived to the extent and in the manner set out in this clause 3.

- (a) **Regulatory Approvals:** before 5.00pm on the Business Day before the Second Court Date:
- (1) **Competition approvals:** either:
- (A) Tabcorp has received, either unconditionally or on terms and conditions that are acceptable to both parties acting reasonably, by notice in writing from the ACCC stating, or stating to the effect, that, based on the information before it and other matters noted, the ACCC does not propose to intervene or seek to prevent the acquisition of Tatts Shares by Tabcorp and that notice has not been withdrawn, revoked or amended;
- (B) authorisation of the acquisition of Tatts Shares by Tabcorp is granted by the Australian Competition Tribunal under Part VII of the CCA and no application has been made for judicial review of the decision of the Tribunal within the prescribed period; or
- (C) the Federal Court of Australia declares or makes orders to the effect that the acquisition of Tatts Shares by Tabcorp will not contravene section 50 of the CCA; and
- (2) **Other regulatory approvals:** the parties obtain the approval of, or consent from, each of the relevant counterparties to those registrations, contracts, licences, permits or authorisations listed in the document agreed by the parties on or about the date of this deed, either unconditionally or on terms and conditions that are acceptable to both parties acting reasonably (and terms and conditions that do not impose unduly onerous obligations or conditions on a party, or any director or officer of a party, and which would not materially adversely affect the business of the Merged Entity will be regarded as reasonable), in order to:
- (A) permit the appointment of the directors to the Tatts Board under clause 7.2; and
- (B) otherwise take all steps necessary to implement the Scheme.
- (b) **Shareholder approval:** Tatts Shareholders agree to the Scheme at the Scheme Meeting by the requisite majorities under subparagraph 411(4)(a)(ii) of the Corporations Act.
- (c) **Court approval:** the Court approves the Scheme in accordance with paragraph 411(4)(b) of the Corporations Act.
- (d) **New Tabcorp Shares:** the New Tabcorp Shares to be issued pursuant to the Scheme are approved for official quotation by ASX by 8.00 am on the Second Court Date (provided that any such approval may be subject to customary conditions).



3.2 Reasonable endeavours

- (a) Each party must, to the extent it is within their power to do so, use its reasonable endeavours to procure that:
- (1) the Conditions Precedent in clause 3.1 are satisfied as soon as practicable after the date of this deed; and
 - (2) there is no occurrence within its control or the control of any of its subsidiaries that would prevent any of the Conditions Precedent being or remaining satisfied.
- (b) Without limiting this clause 3.2 but subject to the Confidentiality Agreement, each party must:
- (1) promptly apply for all relevant Regulatory Approvals (as applicable) and provide to the other party a copy of all those applications;
 - (2) take all steps it is responsible for as part of the Regulatory Approval process, including responding to requests for information from the relevant Government Agencies at the earliest practicable time;
 - (3) keep the other party informed of progress in relation to each Regulatory Approval (including in relation to any material matters raised by, or conditions or other arrangements proposed by, or to, any Government Agency in relation to a Regulatory Approval) and provide the other party with all information reasonably requested in connection with the applications for, or progress of, the Regulatory Approvals;
 - (4) consult with the other party in advance in relation to the progress of obtaining, and all material communications with Government Agencies regarding any of, the Regulatory Approvals; and
 - (5) provide the other party with all assistance and information that it reasonably requests in connection with an application for a Regulatory Approval to be lodged by that other party,
- provided that:
- (6) either party may withhold or redact information or documents from the other party if and to the extent that they are either confidential to a third party, or commercially sensitive and confidential to that party or subject to legal professional privilege in favour of that party;
 - (7) neither party is required to disclose materially commercially sensitive information to the other party; and
 - (8) the party applying for a Regulatory Approval is not prevented from taking any step (including communicating with a Government Agency) in respect of a Regulatory Approval if the other party has unduly delayed responding under clause 3.2(b)(4) and has been notified of same.
- (c) Without in any way limiting the obligations of the parties as contained in clauses 3.2(a) and 3.2(b), in relation to procuring that the Condition Precedent in clause 3.1(a)(1) is satisfied as soon as practicable after the date of this deed, the parties agree as follows:
- (1) that competition approval is to be pursued by the parties as a joint exercise, and in that regard, both parties will dedicate all resources necessary to secure the approval (acting reasonably), and at all times work co-operatively and together, and in good faith; and



- (2) as soon as practicable after the date of this deed, the parties will develop and agree a written work plan (**Competition Approval Work Plan**), which document will set out the means by which the parties agree to jointly secure competition approval. Consistent with the obligation on the parties to work co-operatively, together and in good faith, if either party considers that the Competition Approval Work Plan should be amended or updated so as to reflect developments in the process of securing competition approval, the parties agree to discuss those amendments in good faith and where agreed the Competition Approval Work Plan will be amended accordingly. The Competition Approval Work Plan (as amended from time to time) will form a binding part of this deed.

3.3 Waiver of Conditions Precedent

- (a) The Conditions Precedent in clause 3.1 cannot be waived, unless both parties agree in writing.
- (b) Waiver of a breach or non-satisfaction in respect of one Condition Precedent does not constitute:
 - (1) a waiver of breach or non-satisfaction of any other Condition Precedent resulting from the same event; or
 - (2) a waiver of breach or non-satisfaction of that Condition Precedent resulting from any other event.

3.4 Termination on failure of Condition Precedent

- (a) If:
 - (1) there is an event or occurrence that would, or does, prevent any of the Conditions Precedent being satisfied;
 - (2) there is an event or occurrence that would, or does, prevent any of the Conditions Precedent being satisfied by the time and date specified in this deed for the satisfaction of that Condition Precedent; or
 - (3) it becomes more likely than not that the Scheme will not become Effective by the End Date,the parties must consult in good faith to:
 - (4) consider and, if agreed, determine whether the Transaction may proceed by way of alternative means or methods;
 - (5) consider and, if agreed, change the date of the application made to the Court for an order under paragraph 411(4)(b) of the Corporations Act approving the Scheme or adjourning that application (as applicable) to another date agreed to in writing by Tabcorp and Tatts (being a date no later than 5 Business Days before the End Date); or
 - (6) consider and, if agreed, vary the relevant date provided that neither party shall be under any obligation to extend the End Date.
- (b) Subject to clauses 3.4(d), 3.4(e) and 3.4(f), if the parties are unable to reach agreement under clause 3.4(a) by the earlier of:
 - (1) 5 Business Days after becoming aware of the relevant event or occurrence that would, or does, prevent a Condition Precedent being satisfied;



(2) 5 Business Days after the time and date specified in this deed for the satisfaction of a Condition Precedent; or

(3) the End Date,

as appropriate, then, unless that Condition Precedent has been waived in accordance with clause 3.3, either party may terminate this deed without any liability to the other party because of that termination. However, a party may not terminate this deed pursuant to this clause 3.4(b) if the relevant occurrence or event, the failure of the Condition Precedent to be satisfied, or the failure of the Scheme to become Effective, arises out of a breach of clauses 3.2 or 3.5 by that party, although in such circumstances the other party may still terminate this deed. For the avoidance of doubt, nothing in this clause 3.4(b) affects the obligation of either party to pay the Reimbursement Fee or the Competition Approval Reimbursement Fee, if it is required to do so under clause 14.

(c) Subject to any rights or obligations arising under or pursuant to clauses that are expressed to survive termination (including by virtue of clause 15.3), on termination of this deed, no party shall have any rights against or obligations to any other party under this deed except for those rights and obligations which accrued prior to termination.

(d) If the Condition Precedent in clause 3.1(b) is not satisfied only because of a failure to obtain the majority required by sub-subparagraph 411(4)(a)(ii)(A) of the Corporations Act, then either party may by written notice to the other within 3 Business Days after the date of the conclusion of the Scheme Meeting require the approval of the Court to be sought, pursuant to the Court's discretion in that sub-subparagraph, provided the party has, in good faith, reasonably formed the view that the prospect of the Court exercising its discretion in that way is reasonable. If approval is given, the Condition Precedent in clause 3.1(b) is deemed to be satisfied for all purposes.

(e) If the Court refuses to make an order approving the Scheme which satisfies the Condition Precedent in clause 3.1(c), at Tabcorp's request Tatts must appeal the Court's decision to the fullest extent possible (except to the extent that the parties agree otherwise, or an independent Queen's Counsel or Senior Counsel indicates that, in his or her view, an appeal would have negligible prospects of success before the End Date). Tatts may bring an appeal even if not requested by Tabcorp.

(f) If:

(1) an application is made to the Australian Competition Tribunal for the authorisation of the acquisition of Tatts Shares by Tabcorp under Part VII of the CCA;

(2) the Australian Competition Tribunal rejects the application before the End Date; and

(3) the Queen's Counsel or Senior Counsel jointly briefed by the parties has advised that, in his or her view, there is no reasonable prospect of success of an application for review or appeal in sufficient time for the Scheme to become Effective before the End Date,

then either party may terminate this deed by written notice to the other without any liability to the other party because of that termination, other than the payment by Tabcorp of the Competition Approval Reimbursement Fee if it is required to do so under clause 14.



3.5 Certain notices relating to Conditions Precedent

- (a) Tatts and Tabcorp (as the case may be) must promptly advise each other, orally and in writing, of satisfaction of a Condition Precedent.
- (b) If a Condition Precedent is not satisfied by the time and date specified for satisfaction of that Condition Precedent, then, unless there is no reasonable prospect that the Condition Precedent will be satisfied before the End Date, Tatts must make an application to defer the Second Court Date until such time (being not later than the Business Day before the End Date) as reasonably required to enable the relevant Condition Precedent to be satisfied.
- (c) If, before the time and date specified for satisfaction of a Condition Precedent, an event or occurrence that will prevent that Condition Precedent being satisfied occurs, the party with knowledge of that event must give the other party written notice of that event or occurrence as soon as possible.
- (d) Tatts and Tabcorp (as the case may be) must promptly advise each other, orally and in writing, of any fact, matter, change, event or circumstance causing, or which, so far as can reasonably be foreseen, would cause:
 - (1) a representation or warranty provided in this deed by the relevant party to be false or misleading in any material respect;
 - (2) a breach or non-satisfaction of any of the Conditions Precedent; or
 - (3) a material breach of this deed by the relevant party.

4 Transaction steps

4.1 Scheme

Tatts must propose the Scheme to Tatts Shareholders.

4.2 Scheme Consideration

- (a) Each Scheme Shareholder is entitled to receive the Scheme Consideration in respect of each Scheme Share held by that Scheme Shareholder in accordance with the terms of this deed and the Scheme.
- (b) Subject to clause 4.2(c) and the terms of the Scheme, Tabcorp undertakes and warrants to Tatts (in its own right and separately as trustee and nominee for each of the Scheme Shareholders) that, in consideration of the transfer to Tabcorp of each Tatts Share held by a Scheme Shareholder under the terms of the Scheme, on the Implementation Date Tabcorp will:
 - (1) accept that transfer; and
 - (2) provide to each Scheme Shareholder the Scheme Consideration for each Scheme Share in accordance with the terms of this deed and the Scheme.
- (c) Where the calculation of the number of New Tabcorp Shares to be issued to a particular Scheme Shareholder would result in the Scheme Shareholder becoming entitled to a fraction of a New Tabcorp Share, then the fractional entitlement will be rounded to the nearest whole number of New Tabcorp Shares, with any such fractional entitlement of less than 0.5 being rounded down to the nearest whole number of New Tabcorp Shares, and any such



fractional entitlement of 0.5 or more being rounded up to the nearest whole number of New Tabcorp Shares.

- (d) Where the issue of a New Tabcorp Share to which a Scheme Shareholder would otherwise be entitled under the Scheme would result in a breach of law or a breach of a provision of the Tabcorp Constitution, Tabcorp will on the Implementation Date:
- (1) issue the maximum possible number of New Tabcorp Shares to the Scheme Shareholder without giving rise to a breach;
 - (2) issue the remaining New Tabcorp Shares to which the Scheme Shareholder would otherwise be entitled to a nominee appointed by Tabcorp;
 - (3) procure that, as soon as reasonably practicable and in any event not more than 5 Business Days after the Implementation Date, the nominee:
 - (A) sells on the financial market conducted by ASX all of the New Tabcorp Shares issued to the nominee under clause 4.2(d)(2) 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); and
 - (4) promptly after the last sale of New Tabcorp Shares in accordance with clause 4.2(d)(3)(A), pays to each relevant Scheme Shareholder the net proceeds received by Tabcorp pursuant to clause 4.2(d)(3)(B) to which that Scheme Shareholder is entitled.

4.3 New Tabcorp Shares

Tabcorp covenants in favour of Tatts (in its own right and separately as trustee and nominee for each of the Scheme Shareholders) that:

- (a) the New Tabcorp Shares issued as Scheme Consideration will, on their issue, rank equally in all respects with all other Tabcorp Shares on issue at the Implementation Date;
- (b) the New Tabcorp Shares issued as Scheme Consideration will be entitled to participate in and receive any dividends or distribution of capital paid and any other entitlements accruing in respect of Tabcorp Shares after the Implementation Date;
- (c) it will use all reasonable endeavours to ensure that the New Tabcorp Shares issued as Scheme 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
- (d) on issue, each New Tabcorp Share will be fully paid and, to the extent within the control of Tabcorp, free from any Security Interest or encumbrance.



4.4 Ineligible Foreign Shareholders

- (a) Tabcorp will ensure that the New Tabcorp Shares to which an Ineligible Foreign Shareholder would otherwise have been entitled 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, such nominee:
 - (1) sells on the financial market conducted by ASX all of the New Tabcorp Shares issued to the nominee pursuant to clause 4.4(a) in such manner, at such price and on such other terms as the nominee reasonably determines; and
 - (2) remits to Tabcorp the proceeds of sale (after deducting any reasonable brokerage or other selling costs, taxes and charges).
- (c) Promptly after the last sale of New Tabcorp Shares in accordance with clause 4.4(b), Tabcorp will pay to each Ineligible Foreign Shareholder the proportion of the net proceeds of sale received by Tabcorp pursuant to clause 4.4(b)(2) to which that Ineligible Foreign Shareholder is entitled.
- (d) Tabcorp must appoint the nominee on terms reasonably acceptable to Tatts at least 10 Business Days prior to the Scheme Meeting.

4.5 Provision of Tatts Share information

- (a) In order to facilitate the provision of the Scheme Consideration, Tatts must provide, or procure the provision of, to Tabcorp or a nominee of Tabcorp, a complete copy of the Tatts Share Register as at the Scheme Record Date (which must include the name, Registered Address and registered holding of each Scheme Shareholder as at the Scheme Record Date), within one Business Day after the Scheme Record Date.
- (b) The details and information to be provided under clause 4.5(a) must be provided in such form as Tabcorp, its nominee or the Tabcorp Registry may reasonably require.

4.6 No amendment to the Scheme without consent

Tatts must not consent to any modification of, or amendment to, or the making or imposition by the Court of any condition in respect of, the Scheme without the prior written consent of Tabcorp (such consent not to be unreasonably withheld).

4.7 Excluded Tatts Shareholders

If any Tabcorp Group Member acquires any Tatts Shares after the date of this deed where permitted by the Confidentiality Agreement, then Tabcorp will notify Tatts in writing of such acquisition and the relevant Tabcorp Group Member, and thereafter that entity will not be a 'Scheme Shareholder' for the purposes of this deed and will be excluded from the operation of the Scheme.



5 Implementation

5.1 Timetable

- (a) Subject to clause 5.1(b), the parties must use their best endeavours to:
 - (1) comply with their respective obligations under this clause 5; and
 - (2) take all necessary steps and exercise all rights necessary to implement the Transaction,in accordance with the Timetable.
- (b) Failure by a party to meet any timeframe or deadline set out in the Timetable will not constitute a breach of clause 5.1(a) to the extent that such failure is due to circumstances and matters outside the party's control.
- (c) Each party must keep the other informed about their progress against the Timetable and notify each other if it believes that any of the dates in the Timetable are not achievable.
- (d) To the extent that any of the dates or timeframes set out in the Timetable become not achievable due to matters outside of a party's control, the parties will consult in good faith to agree any necessary extension to ensure such matters are completed within the shortest possible timeframe.

5.2 Tatts' obligations

Subject to any change of recommendation by the Tatts Board as permitted by clause 5.4, Tatts must take all necessary steps to implement the Scheme as soon as is reasonably practicable in accordance with the Timetable, including each of the following:

- (a) **preparation of Scheme Booklet:** prepare and despatch the Scheme Booklet in accordance with all applicable laws (including the Corporations Act and the Corporations Regulations), RG 60 and the Listing Rules;
- (b) **directors' recommendation:** include in the Scheme Booklet a statement by the Tatts Board:
 - (1) unanimously recommending that Tatts Shareholders vote in favour of the Scheme in the absence of a Superior Proposal; and
 - (2) that each Tatts Board Member will (in the absence of a Superior Proposal) vote, or procure the voting of, any Tatts Shares held by or on their behalf at the time of the Scheme Meeting in favour of the Scheme at the Scheme Meeting,unless there has been a change of recommendation permitted by clause 5.4;
- (c) **paragraph 411(17)(b) statement:** apply to ASIC for the production of:
 - (1) an indication of intent letter stating that it does not intend to appear before the Court on the First Court Date; and
 - (2) a statement under paragraph 411(17)(b) of the Corporations Act stating that ASIC has no objection to the Scheme;
- (d) **Court direction:** apply to the Court for orders pursuant to subsection 411(1) of the Corporations Act directing Tatts to convene the Scheme Meeting;
- (e) **Scheme Meeting:** convene the Scheme Meeting to seek Tatts Shareholders' agreement to the Scheme in accordance with the orders made by the Court pursuant to subsection 411(1) of the Corporations Act and must not request the



approval of the Court to change the date of the Scheme Meeting without obtaining the prior approval of Tabcorp (such approval not to be unreasonably withheld or delayed, except where there is a Competing Proposal in respect of Tatts);

- (f) **Court documents:** consult with Tabcorp in relation to the content of the documents required for the purpose of each of the Court hearings held for the purpose of subsection 411(1) and paragraph 411(4)(b) of the Corporations Act in relation to the Scheme (including originating process, affidavits, submissions and draft minutes of Court orders) and consider in good faith, for the purpose of amending drafts of those documents, comments from Tabcorp and its Related Persons on those documents;
- (g) **Court approval:** (subject to all Conditions Precedent in clause 3.1, other than the Condition Precedent in clause 3.1(c), being satisfied or waived in accordance with this deed) apply to the Court for orders approving the Scheme as agreed to by the Tatts Shareholders at the Scheme Meeting;
- (h) **Certificate:** at the hearing on the Second Court Date provide to the Court a certificate confirming whether or not the Conditions Precedent in clause 3.1 (other than the Condition Precedent in clause 3.1(c)) have been satisfied or waived in accordance with this deed. A draft of such certificate shall be provided by Tatts to Tabcorp by 4.00 pm on the date that is 3 Business Days prior to the Second Court Date;
- (i) **lodge copy of Court order:** lodge with ASIC an office copy of the Court order in accordance with subsection 411(10) of the Corporations Act approving the Scheme by no later than the Business Day after the date on which the Court order was made (or such later date as agreed in writing by Tabcorp);
- (j) **Scheme Consideration:** if the Scheme becomes Effective, finalise and close the Tatts Share Register as at the Scheme Record Date, and determine entitlements to the Scheme Consideration, in accordance with the Scheme and the Deed Poll;
- (k) **transfer and registration:** if the Scheme becomes Effective and subject to Tabcorp having issued the Scheme Consideration in accordance with the Scheme and Deed Poll:
 - (1) execute, on behalf of Scheme Shareholders, instruments of transfer of Tatts Shares held by Scheme Shareholders to Tabcorp; and
 - (2) register all transfers of Tatts Shares held by Scheme Shareholders to Tabcorp on the Implementation Date;
- (l) **Merged Entity information:** prepare and promptly provide to Tabcorp any information regarding the Tatts Group that Tabcorp reasonably requires in order to prepare the information regarding the Merged Entity following implementation of the Scheme for inclusion in the Scheme Booklet;
- (m) **consultation with Tabcorp in relation to Scheme Booklet:** consult with Tabcorp as to the content and presentation of the Scheme Booklet including:
 - (1) providing to Tabcorp drafts of the Scheme Booklet and the Independent Expert's Report for the purpose of enabling Tabcorp to review and comment on those draft documents;
 - (2) taking all comments made by Tabcorp into account in good faith when producing a revised draft of the Scheme Booklet;
 - (3) providing to Tabcorp a revised draft of the Scheme Booklet within a reasonable time before the Regulator's Draft is finalised and to enable



- Tabcorp to review the Regulator's Draft before the date of its submission;
- (4) obtaining written consent from Tabcorp for the form and content in which the Tabcorp Information appears in the Scheme Booklet; and
 - (5) confirming in writing to Tabcorp the accuracy of the Tatts Information in the Scheme Booklet;
- (n) **information:** provide all necessary information, and procure that the Tatts Registry provides all necessary information, in each case in a form reasonably requested by Tabcorp, about the Scheme, the Scheme Shareholders and Tatts Shareholders to Tabcorp and its Related Persons, which Tabcorp reasonably requires in order to:
- (1) understand the legal and beneficial ownership of Tatts Shares (including the results of directions by Tatts to Tatts Shareholders under Part 6C.2 of the Corporations Act);
 - (2) facilitate the provision by, or on behalf of, Tabcorp of the Scheme Consideration; or
 - (3) review the tally of proxy appointments and directions received by Tatts prior to the Scheme Meeting.
- Tatts must comply with any reasonable request of Tabcorp for Tatts to give directions to Tatts Shareholders pursuant to Part 6C.2 of the Corporations Act from time to time (at Tabcorp's expense) for one of the purposes referred to in (1) or (2) above;
- (o) **ASIC and ASX review:** keep Tabcorp informed of any matters raised by ASIC or ASX in relation to the Scheme Booklet or the Transaction, and use reasonable endeavours to take into consideration in resolving such matters any issues raised by Tabcorp;
- (p) **representation:** procure that it is represented by counsel at the Court hearings convened for the purposes of subsection 411(1) and paragraph 411(4)(b) of the Corporations Act;
- (q) **Independent Expert:**
- (1) promptly appoint the Independent Expert, and any investigating accountant to be appointed in connection with the preparation of the Scheme Booklet or the Independent Expert's Report, and provide all assistance and information reasonably requested by them in connection with the preparation of the Independent Expert's Report for inclusion in the Scheme Booklet (including any updates to such report) and any other materials to be prepared by them for inclusion in the Scheme Booklet (including any updates thereto); and
 - (2) if, after the date of public release of the initial Independent Expert's Report, Tatts proposes to provide any new or additional information to the Independent Expert, provide a copy of that information to Tabcorp and consult with Tabcorp in relation to that information, including by having regard to (in good faith) all comments from Tabcorp in relation to that information;
- (r) **assistance:** up to the Implementation Date and subject to the Confidentiality Agreement and the obligations of confidentiality owed to third parties and undertakings to Government Agencies, provide Tabcorp and its Related Persons with reasonable access during normal business hours to information and personnel of Tatts Group that Tabcorp reasonably requests for the purpose



of collation and provision of the Tabcorp Information and implementation of the Transaction;

- (s) **compliance with laws:** do everything reasonably within its power to ensure that the Transaction is effected in accordance with all applicable laws and regulations;
- (t) **listing:** subject to clause 5.2(w), not do anything to cause Tatts Shares to cease being quoted on ASX or to become permanently suspended from quotation prior to implementation of the Transaction unless Tabcorp has agreed in writing;
- (u) **update Scheme Booklet:** until the date of the Scheme Meeting and after consulting with Tabcorp, promptly update the Scheme Booklet with any information that arises after the Scheme Booklet has been despatched that is necessary to ensure that the Scheme Booklet does not contain any material statement that is false or misleading in a material respect including because of any material omission from that statement;
- (v) **promote Transaction:** subject to the Confidentiality Agreement, participate in efforts reasonably requested by Tabcorp to promote the merits of the Transaction and the Scheme Consideration, including meeting with key Tatts Shareholders or Tabcorp Shareholders at the reasonable request of Tabcorp and providing Tabcorp with such information and assistance that Tabcorp reasonably requests to enable it to promote the merits of the Transaction; and
- (w) **suspension of trading:** apply to ASX to suspend trading in Tatts Shares with effect from the close of trading on the Effective Date.

5.3 Tabcorp's obligations

Tabcorp must take all necessary steps to implement the Scheme as soon as is reasonably practicable in accordance with the Timetable, including doing each of the following:

- (a) **Tabcorp Information:** prepare and promptly provide to Tatts the Tabcorp Information for inclusion in the Scheme Booklet, including all information regarding the Tabcorp Group, the Merged Entity following implementation of the Scheme, and the Scheme Consideration required by all applicable laws (including the Corporations Act and the Corporations Regulations), RG 60 and the Listing Rules, and consent to the inclusion of that information (other than any information provided by Tatts to Tabcorp or obtained from Tatts' public filings on ASX regarding the Tatts Group contained in, or used in the preparation of, the information regarding the Merged Entity following implementation of the Scheme) in the Scheme Booklet;
- (b) **review of Scheme Booklet:** review the drafts of the Scheme Booklet prepared by Tatts and provide comments on those drafts in good faith;
- (c) **Independent Expert's Report:**
 - (1) provide any assistance or information reasonably requested by Tatts or by the Independent Expert in connection with the preparation of the Independent Expert's Report to be sent together with the Scheme Booklet; and
 - (2) if, after the date of public release of the initial Independent Expert's Report, Tabcorp proposes or is requested to provide any new or additional information to the Independent Expert, provide a copy of that information to Tatts; and



- (3) promptly review, consult with and provide comments (if any) on any new or additional information which Tatts proposes to provide to the Independent Expert under clause 5.2(q)(2);
- (d) **representation:** procure that it is represented by counsel at the Court hearings convened for the purposes of subsection 411(1) and paragraph 411(4)(b) of the Corporations Act;
- (e) **Deed Poll:** by no later than the Business Day prior to the First Court Date, execute and deliver to Tatts the Deed Poll;
- (f) **accuracy of Tabcorp Information:** confirm in writing to Tatts the accuracy of the Tabcorp Information in the Scheme Booklet (other than any information regarding the Tatts Group contained in, or used in the preparation of, the information regarding the Merged Entity following implementation of the Scheme), including that it does not contain any material statement that is false or misleading in a material respect, whether because of any material omission from that statement or otherwise;
- (g) **share transfer:** if the Scheme becomes Effective:
 - (1) accept a transfer of the Scheme Shares as contemplated by clause 4.2(b)(1); and
 - (2) execute instruments of transfer in respect of the Scheme Shares;
- (h) **Scheme Consideration:** if the Scheme becomes Effective, provide the Scheme Consideration in the manner and amount contemplated by clause 4 and the terms of the Scheme and the Deed Poll;
- (i) **update Tabcorp Information:** until the date of the Scheme Meeting, provide to Tatts any information that arises after the Scheme Booklet has been despatched that is necessary to ensure that the Tabcorp Information contained in the Scheme Booklet does not contain any material statement that is false or misleading in a material respect including because of any material omission from that statement;
- (j) **assistance:** up to (and including) the Implementation Date and subject to the Confidentiality Agreement and the obligations of confidentiality owed to third parties and undertakings to Government Agencies, provide Tatts and its Related Persons with reasonable access during normal business hours to information and personnel of Tabcorp Group that Tatts reasonably requests for the purpose of preparation of the Scheme Booklet and implementation of the Transaction;
- (k) **Tax:** provide Tatts with such assistance and information as may reasonably be requested by Tatts for the purposes of obtaining from the Australian Taxation Office rulings in a form reasonably acceptable to both parties confirming the availability of scrip-for-scrip rollover relief in respect of the New Tabcorp Shares and that the Tatts Special Dividend can be fully franked;
- (l) **promote Transaction:** subject to the Confidentiality Agreement, participate in efforts reasonably requested by Tatts to promote the merits of the Transaction and the Scheme Consideration, including meeting with key Tatts Shareholders at the reasonable request of Tatts and providing Tatts with such information and assistance that Tatts reasonably requests to enable it to promote the merits of the Transaction; and
- (m) **compliance with laws:** do everything reasonably within its power to ensure that the Transaction is effected in accordance with all applicable laws and regulations.



5.4 Tatts Board recommendation

- (a) Tatts must procure that, subject to clause 5.4(b), each member of the Tatts Board unanimously recommends that Tatts Shareholders vote in favour of the Scheme at the Scheme Meeting in the absence of a Superior Proposal and subject to the Independent Expert concluding in the Independent Expert's Report that the Scheme is in the best interests of Scheme Shareholders, and that the Scheme Booklet include a statement by the Tatts Board to that effect.
- (b) Tatts must procure that the Tatts Board collectively, and the members of the Tatts Board individually, do not change, withdraw or modify its, his or her recommendation to vote in favour of the Scheme unless:
- (1) the Independent Expert's Report concludes that the Scheme is not in the best interests of Scheme Shareholders (other than where the conclusion is due wholly or partly to the existence of a Competing Proposal); or
 - (2) Tatts has entered into a legally binding agreement to undertake or give effect to, other than as a result of a breach of clause 13, a Superior Proposal,
- and Tatts has complied with its obligations under clause 13.
- (c) For the purposes of this clause 5.4, customary qualifications and explanations contained in the Scheme Booklet in relation to a recommendation to vote in favour of the Scheme, including to the effect that:
- (1) the recommendation is made in the absence of a Superior Proposal; and
 - (2) the recommendation is made subject to the Independent Expert concluding and continuing to conclude in the Independent Expert's Report that the Transaction is in the best interests of Tatts' Shareholders,
- will not be regarded as a failure to make or a withdrawal of a recommendation in favour of the Scheme.
- (d) For the purposes of this clause 5.4, a statement to the effect that a specific alternative transaction may be pursued in the interests of Tatts Shareholders if the Scheme does not proceed will be regarded as a failure to make a recommendation to vote in favour of the Scheme and, if made subsequently, will be regarded as a modification of a recommendation to vote in favour, unless Tabcorp agrees to the making of such statement.

5.5 Responsibility statements

- (a) The Scheme Booklet will contain a responsibility statement to the effect that:
- (1) Tabcorp is responsible for the Tabcorp Information (other than any information provided by Tatts to Tabcorp or obtained from Tatts' public filings on ASX regarding the Tatts Group contained in, or used in the preparation of, the information regarding the Merged Entity following implementation of the Scheme) contained in the Scheme Booklet; and
 - (2) Tatts is responsible for the Tatts Information contained in the Scheme Booklet and is also responsible for the information contained in the Scheme Booklet provided by Tatts to Tabcorp or obtained from Tatts' public filings on ASX regarding the Tatts Group contained in, or used



in the preparation of, the information regarding the Merged Entity following implementation of the Scheme.

- (b) If after 5 Business Days of consultation, Tatts and Tabcorp are unable to agree on the form or content of the Scheme Booklet:
 - (1) where the determination relates to Tabcorp Information, Tabcorp will make the final determination, acting reasonably, as to the form and content of the Tabcorp Information; and
 - (2) in any other case, the final determination as to the form and content of the Scheme Booklet will be made by Tatts, acting reasonably, provided that, if Tabcorp disagrees with such final form and content, Tatts must include a statement to that effect in the Scheme Booklet.

5.6 Conduct of Court proceedings

In respect of Court proceedings under Part 5.1 of the Corporations Act:

- (a) Tatts and Tabcorp are entitled to separate representation at such Court proceedings.
- (b) This deed does not give Tatts or Tabcorp any right or power to give undertakings to the Court for or on behalf of the other party without that party's written consent.
- (c) Tatts and Tabcorp must give all undertakings to the Court in such Court proceedings which are reasonably required to obtain Court approval and confirmation of the Transaction as contemplated by this deed.

5.7 Executive Incentive Arrangements

- (a) In accordance with the Tatts Group Rights Plan, each Performance Right on issue at the Record Date will be cancelled and replaced on the Implementation Date with a grant by Tabcorp to each Performance Right holder of:
 - (1) rights to acquire 0.80 New Tabcorp Shares per Performance Right held, on terms equivalent to the terms of issue of the Performance Right, including:
 - (A) conversion into a New Tabcorp Share on the same date that the Performance Right would have converted into a Restricted Share under the Tatts Group Rights Plan;
 - (B) each New Tabcorp Share is to be subject to a holding lock for two years from the date of issue; and
 - (C) if the holder ceases to be employed by the Merged Entity during the two year trading restriction period, the holder will be entitled to retain the relevant New Tabcorp Shares, subject to the trading restrictions continuing to apply and subject to the rules of the Tatts Group Rights Plan, plus:
 - (2) a payment of \$0.425 cash per Performance Right held (adjusted for the Tatts Special Dividend), which cash payment will be held in an escrow account which escrow will be released on the same date upon which the holding lock referred to in clause 5.7(a)(1)(B) is released. If the holder ceases to be employed by the Merged Entity during the two year restriction period, the holder will be entitled to receive the cash payment, subject to the cash being retained in an escrow account for the period of the trading restriction.



- (b) Each Restricted Share on issue at the Record Date will be acquired by Tabcorp under the Scheme in exchange for the issue by Tabcorp on the Implementation Date of 0.80 New Tabcorp Shares and payment of \$0.425 cash per Restricted Share held (adjusted for the Tatts Special Dividend), which:
 - (1) in the case of New Tabcorp Shares, will be subject to a holding lock and trading restriction which will terminate on the same date as the holding lock and trading restriction as applied before the exchange; and
 - (2) in the case of the cash component, will be held in an escrow account which escrow will be released on the same date as the holding lock referred to in clause 5.7(b)(1) terminates. If a New Tabcorp Share issued under this clause 5.7(b) is forfeited in accordance with the terms upon which it is issued, then the relevant shareholder will not be entitled to receive the cash component.
- (c) The board of the Merged Entity will have the same powers as the Tatts Board under the Tatts Group Rights Plan to determine how rights and shares of departing employees will be dealt with after the Implementation Date, though the intention is that, in the absence of exceptional circumstances, employees who depart as 'good leavers' (such as a result of redundancy, termination without cause, death or total and permanent disablement) will be allowed to retain the benefit of their rights and shares, despite leaving the Merged Entity before the expiry of time related restriction periods.
- (d) The parties:
 - (1) must use all reasonable endeavours to ensure that the replacement Performance Rights and Restricted Shares proposed to be issued in accordance with clauses 5.7(a) and 5.7(b) respectively, will be structured so as to be reasonably regarded as 'matching' the existing Performance Rights and Restricted Shares to satisfy the requirements of section 83A-130 of the *Income Tax Assessment Act 1997* (Cth);
 - (2) must use all reasonable endeavours to give effect to the proposed treatment of the Performance Rights and Restricted Shares as set out in this clause 5.7. Tatts must provide Tabcorp with drafts of all documentation to be used to inform holders of Performance Rights and Restricted Shares about the proposed treatment of their rights and shares (and take account of comments made by Tabcorp on such documentation); and
 - (3) acknowledge and agree that this clause 5.7 is subject to the matters set out in the Tatts Disclosure Letter.

6 Conduct of business and Permitted Dividends

6.1 Conduct of business

- (a) Subject to clauses 6.1(b) and 6.1(c), from the date of this deed up to and including the Implementation Date, and without limiting any other obligations of either party under this deed, each party must:
 - (1) conduct its businesses and operations, and must cause each of its subsidiaries to conduct its respective business and operations, in the ordinary and usual course generally consistent with the manner in



- which each such business and operations have been conducted in the 12 month period prior to the date of this deed;
- (2) subject to the Confidentiality Agreement, keep the other party informed of any material developments concerning the conduct of business;
 - (3) not enter into any line of business or other activities in which it or its subsidiaries is not engaged as of the date of this deed;
 - (4) subject to the Protocols, provide regular reports on the financial affairs of the party, including the provision of the party's monthly management accounts, in a timely manner to the other party;
 - (5) use its reasonable endeavours to procure that between (and including) the date of this deed and 8.00am on the Second Court Date:
 - (A) there is no Prescribed Occurrence in relation to the party; and
 - (B) there is no occurrence within its control or the control of any of its subsidiaries that would constitute or be likely to constitute a Material Adverse Change in relation to the party; and
 - (6) make all reasonable efforts, and procure that each of its subsidiaries makes all reasonable efforts, to:
 - (A) preserve and maintain the value of the businesses and assets of the group;
 - (B) keep available the services of the directors, officers and employees of each member of the group; and
 - (C) maintain and preserve their relationships with Government Agencies, customers, suppliers and others having business dealings with any group member.
- (b) Without limiting clause 6.1(a), each party must not, and must ensure that its subsidiaries do not:
- (1) declare, pay or distribute any dividend, bonus or other share of its profits or assets or return or agree to return any capital to its members, other than a Permitted Dividend or as between Tatts Group Members in order for the Tatts Board to be able to declare and pay a Permitted Dividend;
 - (2) make any change to its constitution;
 - (3) acquire, lease or dispose of (or agree to acquire, lease or dispose of) any securities, business, assets, interest in any joint venture, entity or undertaking, the value of which exceeds \$55,000,000 (individually or in aggregate);
 - (4) enter into any contract or commitment for operational expenditure requiring payments by the group in excess of \$50,000,000 (individually or in aggregate for the life of the relevant contract or commitment);
 - (5) incur capital expenditure from the date of this deed of an amount which exceeds by 10% the FY17 budgeted capital expenditure figure for the party (as disclosed in the Disclosure Materials) on an annualised basis;



- (6) other than as contemplated by clause 5.7, accelerate the rights of any of their employees to compensation or benefits of any kind (including under any option, performance right, incentive or share plan);
 - (7) enter into or materially alter, vary or amend any employment, consultant, severance or similar agreement or arrangement with any person, including any of its officers, directors, other executives or employees whose total employment cost exceeds (or would exceed in the case of an agreement or arrangement not on foot on the date of this deed) \$750,000 (**Key Person**), or accelerating or otherwise materially increasing compensation, benefits or entitlements for any Key Person, in each case other than pursuant to entitlements in effect on the date of this deed;
 - (8) enter into any enterprise bargaining agreement other than in the ordinary course of business or pursuant to contractual arrangements in effect on the date of this deed;
 - (9) change any accounting policy applied to a party to report its financial position other than any change in policy required by a change in accounting standards;
 - (10) do anything that would result in a change in the Tabcorp Consolidated Tax Group or the Tatts Consolidated Tax Group, as the case may be;
 - (11) authorise, commit or agree to do any of the matters set out above; or
 - (12) in the case of Tatts only, vary any of the retention arrangements (in terms or in scope) described in the Tatts Disclosure Letter without the prior approval of Tabcorp.
- (c) Nothing in clauses 6.1(a) or 6.1(b) restricts the ability of a party to take any action or inaction:
- (1) which is required by any applicable law (including the CCA) or Government Agency (including any undertakings required by a Government Agency);
 - (2) which is required by the Confidentiality Agreement (including the Protocols);
 - (3) which is required or expressly permitted by this deed or the Scheme, including for the avoidance of doubt actions to give effect to a Superior Proposal;
 - (4) which has been agreed to in writing by the other party (not to be unreasonably withheld or delayed);
 - (5) which is Fairly Disclosed in the Tabcorp Disclosure Materials or the Tatts Disclosure Materials as being an action that the party intends to carry out between (and including) the date of this deed and the Implementation Date;
 - (6) in relation to acquiring, agreeing to acquire or offering to acquire the assets (or any entity which owns the assets) of the Western Australian TAB conducted by Racing and Wagering Western Australia; or
 - (7) in relation to becoming, agreeing to become or applying or offering to become the licensee under a public lottery licence within the meaning of the *Gambling Regulation Act 2003* (Vic).
- (d) From the date of this deed until the Second Court Date, each party will promptly notify the other orally and in writing of anything of which it becomes aware that:



- (1) makes any material information publicly filed by the party (either on its own account or in respect of any other group member) to be, or reasonably likely to be, incomplete, incorrect, untrue or misleading in any material respect;
- (2) makes any of its Representations and Warranties false, inaccurate, misleading or deceptive in any material respect;
- (3) makes any information provided in the Tabcorp Disclosure Materials or the Tatts Disclosure Materials (as the case may be) incomplete, incorrect, untrue or misleading in any material respect; or
- (4) would constitute or be likely to constitute a Prescribed Occurrence or a Material Adverse Change in relation to the party.

6.2 Permitted Ordinary Course Dividends

- (a) After 31 December 2016 and before 1 July 2017, Tabcorp may pay a fully franked dividend in an amount not exceeding 12.5 cents per Tabcorp Share and Tatts may pay a fully franked dividend in an amount not exceeding 9.5 cents per Tatts Share, in each case prior to the Implementation Date.
- (b) After 1 July 2017 and before 31 December 2017, Tabcorp may pay an additional fully franked dividend in an amount not exceeding 12.5 cents per Tabcorp Share and Tatts may pay an additional fully franked dividend in an amount not exceeding 8 cents per Tatts Share, in each case prior to the Implementation Date.
- (c) If the Scheme has not become Effective by the End Date, each party may pay a dividend to its shareholders in the ordinary course and consistent with past practice (including as to franking).
- (d) On the date of this deed, each party will suspend the operation of its dividend reinvestment plan.

6.3 Tatts Special Dividend

- (a) Subject to:
 - (1) the Scheme becoming Effective; and
 - (2) Tatts complying with the requirements of section 254T of the Corporations Act,

Tatts may declare and pay a cash dividend of up to \$0.25 per Tatts Share (**Tatts Special Dividend**) to all Tatts Shareholders on the Tatts Share Register on the record date for the Special Dividend (**Tatts Special Dividend Record Date**).
- (b) The Tatts Special Dividend may be fully franked, provided that the Tatts franking account does not fall into deficit upon payment of the Tatts Special Dividend (or would fall into deficit if any claimed tax refund was received).
- (c) The Tatts Special Dividend Record Date must occur before the Scheme Record Date and otherwise on a date agreed between the parties.
- (d) The cash component of the Scheme Consideration will be reduced by the cash amount of the Tatts Special Dividend.



7 Profile of Merged Entity

7.1 Tabcorp board composition

The Board of the Merged Entity will comprise those individuals who are directors of Tabcorp as at the Implementation Date and, in addition, Tabcorp will invite and, if such invitation is accepted, appoint the Chairman of Tatts as at the date of this deed to join the Board as a non-executive director of the Merged Entity on the Implementation Date.

7.2 Tatts board composition

Tatts must, as soon as practicable on the Implementation Date after the Scheme Consideration has been despatched to Scheme Shareholders:

- (a) take all actions necessary to cause the Tatts Board to be reconstituted so that it consists entirely of directors nominated by Tabcorp; and
- (b) procure that, to the extent required, all other directors on the Tatts Board resign and release Tatts from any claims they may have against Tatts (except for accrued but unpaid entitlements).

7.3 Chairman and Chief Executive Officer

The Chairman and Chief Executive Officer of the Merged Entity will be the individuals holding those positions at Tabcorp as at the date of this deed or such other individuals that the Tabcorp Board may nominate to fulfil those positions.

7.4 Senior management

Other senior management of the Merged Entity will be determined by the board of the Merged Entity as soon as practicable after the Implementation Date.

8 Integration Planning

8.1 Pre-Implementation Date Integration planning

- (a) The parties' respective managing directors will agree a date to commence working together and planning for the merger and integration of Tabcorp and Tatts from the Implementation Date.
- (b) After the date referred to in paragraph (a) above, the parties' respective managing directors may establish an integration committee consisting of members of the management teams of each of Tabcorp and Tatts and such other persons as the managing directors of each party agree from time to time.
- (c) The role of the committee (if established) is to act as a forum for the consideration and planning of the integration of the merged Tabcorp and Tatts businesses and will have such other objectives as the parties' respective managing directors may agree.
- (d) Subject to the other provisions of this deed, nothing in this clause 8.1 requires any party to act at the direction of the other or imposes any obligation on any party to conduct their respective businesses in accordance with any direction or representation made by the other and the parties acknowledge that their



obligations under this clause 8 shall be subject to the Confidentiality Agreement, the CCA and all applicable laws or requirements of any Government Agency. The parties agree that nothing in this deed constitutes the relationship of a partnership or joint venture between the parties.

8.2 Integration Due Diligence

- (a) Prior to the date of this deed, each party conducted high level due diligence enquiries regarding the business and financial position of the other. This was on the basis that, after execution of this deed, further due diligence enquiries would be facilitated.
- (b) Accordingly, subject to clause 8.2(c) between (and including) the date of this deed and the Effective Date, each party must make available to the other and its advisers:
 - (1) all information reasonably requested by the other party (subject to clause 8.2(c)(3));
 - (2) such senior executives of the other party as reasonably requested by the other at mutually convenient times; and
 - (3) afford reasonable co-operation,for the purpose of:
 - (4) implementation of the Scheme;
 - (5) each party obtaining an understanding of the operations of the other party's business, financial position, prospects and affairs in order to facilitate the integration of the parties' businesses following implementation of the Scheme; or
 - (6) any other purpose agreed between the parties.
- (c) In carrying out these investigations:
 - (1) each party must focus on material issues, having regard to management commitments and the impact of such requests on each party's business;
 - (2) nothing in this clause will require a party to provide information concerning its directors' and management's consideration of the Scheme or a Competing Proposal;
 - (3) information need not be provided if that would result in unreasonable disruptions to the party's business, is commercially sensitive, is subject to an existing confidentiality obligation to a Third Party, would require a party to make further disclosures to any other entity or to a Government Agency or require a party to make any disclosure that would compromise legal privilege; and
 - (4) the parties acknowledge that their investigations and obligations under this clause 8.2 shall be subject to the Confidentiality Agreement, the CCA and all applicable laws or requirements of any Government Agency.

8.3 Change of control provisions

- (a) As soon as practicable after the date of this deed, each party must identify any change of control or unilateral termination rights in Material Contracts to which



that party or a Related Body Corporate is party which may be triggered by or exercised in response to the implementation of the Transaction.

- (b) In respect of those Material Contracts to which a Tatts Group Member is a party:
- (1) The parties will agree a proposed course of action (which, among other things, will have due regard to applicable legal restrictions) and then Tatts will initiate contact, including joint discussions if required, with the relevant landlords and counterparties and request that they provide any consents or confirmations required or appropriate. Tabcorp must not contact any landlords or counterparties without Tatts present or without Tatts' prior written consent.
 - (2) Tatts must take all reasonable action necessary to obtain such consents or confirmations in accordance with the Timetable, including by promptly providing any information reasonably required by counterparties.
 - (3) Tabcorp must cooperate with, and provide all reasonable assistance to, Tatts to obtain such consents or confirmations in accordance with the Timetable, including by promptly providing any information reasonably required by counterparties.

9 Representations and warranties

9.1 Tabcorp's representations and warranties

Tabcorp represents and warrants to Tatts (in its own right and separately as trustee or nominee for each of the other Tatts Indemnified Parties) each of the Tabcorp Representations and Warranties.

9.2 Tabcorp's indemnity

Tabcorp agrees with Tatts (in its own right and separately as trustee or nominee for each of the other Tatts Indemnified Parties) to indemnify Tatts and each of the Tatts Indemnified Parties against any claim, action, damage, loss, liability, cost, expense or payment of whatever nature and however arising that Tatts or any of the other Tatts Indemnified Parties suffers, incurs or is liable for arising out of any breach of any of the Tabcorp Representations and Warranties.

9.3 Qualifications on Tabcorp's representations, warranties and indemnities

The Tabcorp Representations and Warranties in clause 9.1 and the indemnity in clause 9.2, are each subject to matters that have been Fairly Disclosed in:

- (a) the Tabcorp Disclosure Materials; and
- (b) Tabcorp's announcements to ASX, or a document lodged with ASIC, in the 12 month period prior to the date of this deed.



9.4 Tatts' representations and warranties

Tatts represents and warrants to Tabcorp (in its own right and separately as trustee or nominee for each of the other Tabcorp Indemnified Parties) each of the Tatts Representations and Warranties.

9.5 Tatts' indemnity

Tatts agrees with Tabcorp (in its own right and separately as trustee or nominee for each Tabcorp Indemnified Party) to indemnify Tabcorp and each of the Tabcorp Indemnified Parties from any claim, action, damage, loss, liability, cost, expense or payment of whatever nature and however arising that Tabcorp or any of the other Tabcorp Indemnified Parties suffers, incurs or is liable for arising out of any breach of any of the Tatts Representations and Warranties.

9.6 Qualifications on Tatts' representations, warranties and indemnities

The Tatts Representations and Warranties in clause 9.4 and the indemnity in clause 9.5, are each subject to matters that have been Fairly Disclosed in:

- (a) the Tatts Disclosure Materials; and
- (b) Tatts' announcements to ASX, or a document lodged with ASIC, in the 12 month period prior to the date of this deed.

9.7 Survival of representations and warranties

Each representation and warranty in clauses 9.1 and 9.4:

- (a) is severable;
- (b) survives the termination of this deed; and
- (c) is given with the intention that liability under it is not confined to breaches that are discovered before the date of termination of this deed.

9.8 Survival of indemnities

Each indemnity in this deed (including those in clauses 9.2 and 9.5):

- (a) is severable;
- (b) is a continuing obligation;
- (c) constitutes a separate and independent obligation of the party giving the indemnity from any other obligations of that party under this deed; and
- (d) survives the termination of this deed.

9.9 Timing of representations and warranties

Each representation and warranty made or given under clauses 9.1 or 9.4 is given:

- (a) at the date of this deed;
- (b) at the date the Scheme Booklet is dispatched to Tatts Shareholders; and
- (c) at 8.00am on the Second Court Date,

unless that representation or warranty is expressed to be given at a particular time, in which case it is given at that time.



9.10 No representation or reliance

- (a) Each party acknowledges that no party (nor any person acting on its behalf) has made any representation or other inducement to it to enter into this deed, except for representations or inducements expressly set out in this deed and (to the maximum extent permitted by law) all other representations, warranties and conditions implied by statute or otherwise in relation to any matter relating to this deed, the circumstances surrounding the parties' entry into it and the transactions contemplated by it are expressly excluded.
- (b) Each party acknowledges and confirms that it does not enter into this deed in reliance on any representation or other inducement by or on behalf of any other party, except for any representation or inducement expressly set out in this deed.

10 Releases

10.1 Tatts and Tatts directors and officers

- (a) Tabcorp releases its rights, and agrees with Tatts that it will not make a claim, and after the Implementation Date will procure that a Tatts Group Member does not make a claim, against any Tatts Indemnified Party (other than Tatts and its Related Bodies Corporate) as at the date of this deed and from time to time in connection with:
 - (1) any breach of any representations and warranties of Tatts or any other member of the Tatts Group in this deed; or
 - (2) any disclosures containing any statement which is false or misleading whether in content or by omission,whether current or future, known or unknown, arising at common law, in equity, under statute or otherwise, except where the Tatts Indemnified Party has not acted in good faith or has engaged in wilful misconduct or fraud. For the avoidance of doubt, nothing in this clause 10.1(a) limits Tabcorp's rights to terminate this deed under clause 15.2(a).
- (b) This clause is subject to any Corporations Act restriction and will be read down accordingly.
- (c) Tatts receives and holds the benefit of this clause to the extent it relates to each Tatts Indemnified Party as trustee for each of them.

10.2 Tabcorp and Tabcorp directors and officers

- (a) Tatts releases its rights, and agrees with Tabcorp that it will not make a claim, against any Tabcorp Indemnified Party (other than Tabcorp and its Related Bodies Corporate) as at the date of this deed and from time to time in connection with:
 - (1) any breach of any representations and warranties of Tabcorp or any other member of the Tabcorp Group in this deed; or
 - (2) any disclosure containing any statement which is false or misleading whether in content or by omission,



whether current or future, known or unknown, arising at common law, in equity, under statute or otherwise, except where the Tabcorp Indemnified Party has not acted in good faith or has engaged in wilful misconduct or fraud. For the avoidance of doubt, nothing in this clause 10.2(a) limits Tatts' rights to terminate this deed under clause 15.2(b).

- (b) This clause is subject to any Corporations Act restriction and will be read down accordingly.
- (c) Tabcorp receives and holds the benefit of this clause to the extent it relates to each Tabcorp Indemnified Party as trustee for each of them.

10.3 Deeds of indemnity and insurance

- (a) Subject to the Scheme becoming Effective and the Transaction completing, Tabcorp undertakes in favour of Tatts and each other person who is a Tatts Indemnified Party that it will:
 - (1) for a period of 7 years from the Implementation Date, ensure that the constitutions of Tatts and each other Tatts Group Member continues to contain such rules as are contained in those constitutions at the date of this deed that provide for each company to indemnify each of its directors and officers against any liability incurred by that person in his or her capacity as a director or officer of the company to any person other than a Tatts Group Member; and
 - (2) procure that Tatts and each Tatts Group Member complies with any deeds of indemnity, access and insurance made by them in favour of their respective directors and officers from time to time and without limiting the foregoing, ensure that directors' and officers' run-off insurance cover for such directors and officers is maintained for a period of 7 years from the retirement date of each director and officer (and Tatts may, at its election, pay any amounts necessary to ensure such maintenance upfront prior to the implementation of the Scheme).
- (b) The undertakings contained in clause 10.3(a) are subject to any Corporations Act restriction and will be read down accordingly.
- (c) Tatts receives and holds the benefit of clause 10.3(a), to the extent it relates to the other Tatts Indemnified Parties, as trustee for them.

11 Public announcement

11.1 Announcement of the Transaction

- (a) Immediately after the execution of this deed, Tatts and Tabcorp must issue public announcements in a form previously agreed to in writing between them.
- (b) The Tatts announcement must include a unanimous recommendation by the Tatts Board to Tatts Shareholders that, in the absence of a Superior Proposal and subject to the Independent Expert concluding in the Independent Expert's Report that the Scheme is in the best interests of Scheme Shareholders, Tatts Shareholders vote in favour of the Scheme and that subject to the same qualifications all the members of the Tatts Board intend to vote (or procure the voting of) all Tatts Shares held by or on their behalf at the time of the Scheme Meeting in favour of the Scheme at the Scheme Meeting.



11.2 Subsequent announcements and disclosure

Where a party proposes to make any public announcement in connection with the Transaction or the Scheme, it must to the extent practicable and lawful to do so, consult with the other party prior to making the relevant disclosure and take account of any reasonable comments received from the other party in relation to the form and content of the announcement or disclosure.

12 Confidentiality

Tatts and Tabcorp acknowledge and agree that they continue to be bound by the Confidentiality Agreement after the date of this deed. The rights and obligations of the parties under the Confidentiality Agreement survive termination of this deed. To the extent of any inconsistency between the Confidentiality Agreement and this deed, the terms of the Confidentiality Agreement (including the Protocols) shall prevail.

13 Exclusivity

13.1 No shop and no talk

During the Exclusivity Period, Tatts must not, and must ensure that each of its Related Persons does not, directly or indirectly:

- (a) **(no shop)** solicit, invite, encourage or initiate (including by the provision of non-public information to any Third Party) any inquiry, expression of interest, offer, proposal or discussion by any person in relation to, or which would reasonably be expected to encourage or lead to the making of, an actual, proposed or potential Competing Proposal or communicate to any person an intention to do anything referred to in this clause 13.1(a); or
- (b) **(no talk and no due diligence)** subject to clause 13.2:
 - (1) participate in or continue any negotiations or discussions with respect to any inquiry, expression of interest, offer, proposal or discussion by any person to make, or which would reasonably be expected to encourage or lead to the making of, an actual, proposed or potential Competing Proposal or participate in or continue any negotiations or discussions with respect to any actual, proposed or potential Competing Proposal;
 - (2) negotiate, accept or enter into, or offer or agree to negotiate, accept or enter into, any agreement, arrangement or understanding regarding an actual, proposed or potential Competing Proposal;
 - (3) disclose or otherwise provide any non-public information about the business or affairs of the Tatts Group to a Third Party (other than a Government Agency) with a view to obtaining, or which would reasonably be expected to encourage or lead to receipt of, an actual, proposed or potential Competing Proposal (including, without limitation, providing such information for the purposes of the conduct of due diligence investigations in respect of the Tatts Group); or
 - (4) communicate to any person an intention to do anything referred to in the preceding paragraphs of this clause 13.1(b),



but nothing in this clause 13.1 prevents Tatts from making normal presentations to brokers, portfolio investors and analysts in the ordinary course of business or promoting the merits of the Transaction.

13.2 Fiduciary exception

Clause 13.1(b) does not prohibit any action or inaction by Tatts or any of its Related Persons in relation to any actual, proposed or potential Competing Proposal, which the Tatts Board acting in good faith determines, having regard to written advice from its external legal and financial advisers, is a Superior Proposal (or which may reasonably be expected to result in the Competing Proposal becoming a Superior Proposal), provided that the actual, proposed or potential Competing Proposal was not directly or indirectly brought about by, or facilitated by, a breach of clause 13.1(a).

13.3 Notification of approaches

- (a) During the Exclusivity Period, Tatts must as soon as possible notify Tabcorp in writing if it, or any of its Related Persons, becomes aware of any:
- (1) negotiations or discussions, approach or attempt to initiate any negotiations or discussions, or intention to make such an approach or attempt to initiate any negotiations or discussions in respect of any inquiry, expression of interest, offer, proposal or discussion in relation to an actual, proposed or potential Competing Proposal;
 - (2) proposal made to Tatts or any of its Related Persons, in connection with, or in respect of any exploration or completion of, an actual, proposed or potential Competing Proposal; or
 - (3) provision by Tatts or any of its Related Persons of any non-public information concerning the business or operations of Tatts or the Tatts Group to any Third Party (other than a Government Agency) in connection with an actual, proposed or potential Competing Proposal, whether direct or indirect, solicited or unsolicited, and in writing or otherwise.
- (b) A notification given under clause 13.3(a) must include the identity of the relevant person making or proposing the relevant actual, proposed or potential Competing Proposal, together with all terms and conditions of the actual, proposed or potential Competing Proposal.

13.4 Matching right

- (a) Without limiting clause 13.1, during the Exclusivity Period, Tatts:
- (1) must not enter into any legally binding agreement, arrangement or understanding (whether or not in writing) pursuant to which a Third Party, Tatts or both proposes or propose to undertake or give effect to an actual, proposed or potential Competing Proposal; and
 - (2) must procure that none of its directors change their recommendation in favour of the Transaction or publicly recommend an actual, proposed or potential Competing Proposal or recommend against the Transaction (provided that a statement that no action should be taken by Tatts Shareholders pending the assessment of a Competing Proposal by the Tatts Board and its advisers shall not contravene this clause),
- unless:



- (3) the Tatts Board acting in good faith and in order to satisfy what the members of the Tatts Board consider to be their statutory or fiduciary duties (having received written advice from its external financial and legal advisers) determines that the Competing Proposal would be or would be likely to be an actual, proposed or potential Superior Proposal;
 - (4) Tatts has provided Tabcorp with all terms and conditions of the actual, proposed or potential Competing Proposal, including price and the identity of the Third Party making the actual, proposed or potential Competing Proposal;
 - (5) Tatts has given Tabcorp at least 5 Business Days after the date of the provision of the information referred to in clause 13.4(a)(4) to provide a matching or superior proposal to the terms of the actual, proposed or potential Competing Proposal; and
 - (6) Tatts has not announced a matching or superior proposal to the terms of the actual, proposed or potential Competing Proposal by the expiry of the 5 Business Day period in clause 13.4(a)(5) above.
- (b) If Tabcorp proposes to Tatts, or announces, amendments to the Scheme that constitute a matching or superior proposal to the terms of the actual, proposed or potential Competing Proposal (**Tabcorp Counterproposal**) by the expiry of the 5 Business Day period in clause 13.4(a)(5) above, Tatts must procure that the Tatts Board considers the Tabcorp Counterproposal and if the Tatts Board, acting reasonably and in good faith, determines that the Tabcorp Counterproposal would provide an equivalent or superior outcome for Tatts Shareholders as a whole compared with the Competing Proposal, taking into account all of the terms and conditions of the Tabcorp Counterproposal, then Tatts and Tabcorp must use their best endeavours to agree the amendments to this deed that are reasonably necessary to reflect the Tabcorp Counterproposal and to implement the Tabcorp Counterproposal, in each case as soon as reasonably practicable, and Tatts must procure that each of the directors of Tatts continues to recommend the Transaction (as modified by the Tabcorp Counterproposal) to Tatts Shareholders.

13.5 Receipt of Competing Proposal by Tabcorp

For the avoidance of doubt, Tabcorp is not entitled to terminate this deed if it receives a Competing Proposal from a Third Party, including a proposal which if entered into or completed would result in such Third Party directly or indirectly acquiring Control of Tabcorp or otherwise acquiring or merging with Tabcorp, or for any other reason not expressly set out in clause 15 below.

13.6 No shop

During the Exclusivity Period, Tabcorp must not, and must ensure that each of its Related Persons does not, directly or indirectly solicit, invite, encourage or initiate (including by the provision of non-public information to any Third Party) any inquiry, expression of interest, offer, proposal or discussion by any person in relation to, or which would reasonably be expected to encourage or lead to the making of, an actual, proposed or potential Competing Proposal or communicate to any person an intention to do anything referred to in this clause 13.6.



13.7 Notification of approaches

- (a) During the Exclusivity Period, Tabcorp must as soon as possible notify Tatts in writing if it, or any of its Related Persons, becomes aware of any:
- (1) negotiations or discussions, approach or attempt to initiate any negotiations or discussions, or intention to make such an approach or attempt to initiate any negotiations or discussions in respect of any inquiry, expression of interest, offer, proposal or discussion in relation to an actual, proposed or potential Competing Proposal;
 - (2) proposal made to Tabcorp or any of its Related Persons, in connection with, or in respect of any exploration or completion of, an actual, proposed or potential Competing Proposal; or
 - (3) provision by Tabcorp or any of its Related Persons of any non-public information concerning the business or operations of Tabcorp or the Tabcorp Group to any Third Party (other than a Government Agency) in connection with an actual, proposed or potential Competing Proposal,
- whether direct or indirect, solicited or unsolicited, and in writing or otherwise.
- (b) A notification given under clause 13.7(a) must include the identity of the relevant person making or proposing the relevant actual, proposed or potential Competing Proposal, together with all terms and conditions of the actual, proposed or potential Competing Proposal.

13.8 Provision of information by Tatts

- (a) Subject to clause 13.8(b), during the Exclusivity Period, Tatts must as soon as possible provide Tabcorp with:
- (1) in the case of written materials, a copy of; and
 - (2) in any other case, a written statement of,
- any material non-public information about the business or affairs of Tatts or the Tatts Group disclosed or otherwise provided to any Third Party in connection with an actual, proposed or potential Competing Proposal that has not previously been provided to Tabcorp.
- (b) Tatts will not, and will procure that none of its Related Persons provide any information to a Third Party in relation to an actual, proposed or potential Competing Proposal, unless:
- (1) permitted by clause 13.2; and
 - (2) that Third Party has entered into a confidentiality agreement with Tatts on customary terms and which is no more favourable to the Third Party than the Confidentiality Agreement (excluding the Protocols).

13.9 Compliance with law

- (a) If it is finally determined by a court, or the Takeovers Panel, that the agreement by the parties under this clause 13 or any part of it:
- (1) constituted, or constitutes, or would constitute, a breach of the fiduciary or statutory duties of the board of either party;
 - (2) constituted, or constitutes, or would constitute, 'unacceptable circumstances' within the meaning of the Corporations Act; or



- (3) was, or is, or would be, unlawful for any other reason,
then, to that extent (and only to that extent) the parties will not be obliged to comply with that provision of clause 13.
- (b) The parties must not make or cause to be made, any application to a court or the Takeovers Panel for or in relation to a determination referred to in this clause 13.9.

14 Reimbursement Fee and Competition Approval Reimbursement Fee

14.1 Background to Reimbursement Fee and Competition Approval Reimbursement Fee

- (a) Each party acknowledges that, if they enter into this deed and the Scheme is subsequently not implemented, each party will incur significant costs, including those set out in clause 14.5.
- (b) In these circumstances, the parties have agreed that provision be made for the payments outlined in clauses 14.2, 14.3 and 14.10, without which the parties would not have entered into this deed or otherwise agreed to implement the Scheme.
- (c) Tatts and the Tatts Board believe (in respect of the Tatts Reimbursement Fee) and Tabcorp and the Tabcorp Board believe (in respect of the Tabcorp Reimbursement Fee and the Competition Approval Reimbursement Fee), each having taken advice from its legal advisors and Financial Advisors, that the implementation of the Scheme will provide benefits to it and its shareholders, and that it is reasonable and appropriate that Tatts (in respect of the Tatts Reimbursement Fee) and Tabcorp (in respect of the Tabcorp Reimbursement Fee and the Competition Approval Reimbursement Fee) to agree to the payments referred to in clauses 14.2, 14.3, and 14.10 in order to secure the other party's participation in the Transaction and its agreement to implement the Scheme on the terms of this deed.

14.2 Tatts Reimbursement Fee triggers

Subject to clauses 14.6, 14.7 and 14.9, Tatts must pay the Tatts Reimbursement Fee to Tabcorp, without set-off or withholding, if:

- (a) during the Exclusivity Period, any one or more members of the Tatts Board withdraws, adversely revises or adversely qualifies his or her support of the Scheme or his or her recommendation that Tatts Shareholders vote in favour of the Scheme, or, having made such a recommendation, withdraws, adversely revises or adversely qualifies that recommendation for any reason, unless:
 - (1) the Independent Expert concludes in the Independent Expert's Report that the Scheme is not in the best interests of Scheme Shareholders (other than where the conclusion is due wholly or partly to the existence of a Competing Proposal); or
 - (2) Tatts is entitled to terminate this deed pursuant to clauses 15.1(a), 15.1(c)(1) or 15.2(b), and has given the appropriate termination notice to Tabcorp and the Transaction does not complete;



- (b) during the Exclusivity Period, any one or more members of the Tatts Board recommends that Tatts Shareholders accept or vote in favour of, or otherwise supports or endorses (including support by way of accepting or voting, or by way of stating an intention to accept or vote, in respect of any Tatts Shares held by or on their behalf), a Competing Proposal of any kind that is announced (whether or not such proposal is stated to be subject to any pre-conditions) during the Exclusivity Period;
- (c) a Competing Proposal of the kind described in this paragraph is announced during the Exclusivity Period (whether or not such proposal is stated to be subject to any pre-conditions) and, within 12 months of the date of such announcement, the Third Party or any Associate of that Third Party completes a Competing Proposal of the kind referred to in paragraphs 1 (but only where the acquisition is through an issue of new Tatts Shares), 2, 3 and 4 of the definition of Competing Proposal.
- (d) Tabcorp has terminated this deed pursuant to clauses 15.1(a)(1), 15.1(b)(1) or 15.2(a) and the Transaction does not complete.

14.3 Tabcorp Reimbursement Fee triggers

Subject to clauses 14.6, 14.7 and 14.9, Tabcorp must pay the Tabcorp Reimbursement Fee to Tatts, without set-off or withholding if:

- (a) Tatts is entitled to terminate this deed pursuant to clauses 15.1(a)(1), 15.1(c)(1) or 15.2(b) and has given the appropriate termination notice to Tabcorp;
- (b) Tabcorp materially breaches this deed and the Transaction does not complete; or
- (c) Tabcorp repudiates, terminates or purports to terminate this deed other than as expressly permitted by this deed.

14.4 Timing of payment of Reimbursement Fee

- (a) A demand by a party for payment of the Reimbursement Fee under clause 14.2 or clause 14.3 must:
 - (1) be in writing;
 - (2) be made after the occurrence of the event in that clause giving rise to the right to payment;
 - (3) state the circumstances which give rise to the demand; and
 - (4) nominate an account into which the other party is to pay the Reimbursement Fee.
- (b) Subject to clause 14.9, Tatts must pay the Tatts Reimbursement Fee into the account nominated by Tabcorp, and Tabcorp must pay the Tabcorp Reimbursement Fee into the account nominated by Tatts, without set-off or withholding, within 5 Business Days after receiving a demand for payment where (as the case requires) Tabcorp is entitled under clause 14.2 to the Tatts Reimbursement Fee or Tatts is entitled under clause 14.3 to the Tabcorp Reimbursement Fee.



14.5 Basis of Reimbursement Fee and Competition Approval Reimbursement Fee

The amount payable by Tatts (in respect of the Tatts Reimbursement Fee) pursuant to clause 14.2, and the amount payable by Tabcorp (in respect of the Tabcorp Reimbursement Fee and the Competition Approval Reimbursement Fee) pursuant to clauses 14.3 and 14.10 respectively, is purely and strictly compensatory in nature and has been calculated to reimburse Tabcorp (in respect of the Tatts Reimbursement Fee) and Tatts (in respect of the Tabcorp Reimbursement Fee and the Competition Approval Reimbursement Fee) for costs including the following:

- (a) fees for legal, financial and other professional advice in planning and implementing the Transaction (excluding success fees);
- (b) reasonable opportunity costs incurred in engaging in the Transaction or in not engaging in other alternative acquisitions or strategic initiatives;
- (c) costs of management and directors' time in planning and implementing the Transaction; and
- (d) out of pocket expenses incurred by Tabcorp or Tatts (as applicable) and Tabcorp's or Tatts' employees, advisers and agents in planning and implementing the Transaction,

and the parties agree that:

- (e) the costs actually incurred by Tabcorp and Tatts will be of such a nature that they cannot all be accurately ascertained;
- (f) the amount payable by Tatts (in respect of the Tatts Reimbursement Fee) and the amount payable by Tabcorp (in respect of the Tabcorp Reimbursement Fee and the Competition Approval Reimbursement Fee) is a genuine and reasonable pre-estimate of those costs; and
- (g) both parties have received advice from their respective legal advisers on the operation of this clause 14.

14.6 Compliance with law

- (a) This clause 14 does not impose an obligation on Tatts to pay the Tatts Reimbursement Fee, Tabcorp to pay the Tabcorp Reimbursement Fee or Tabcorp to pay the Competition Approval Reimbursement Fee to the extent (and only to the extent) that the obligation to pay the Tatts Reimbursement Fee, Tabcorp Reimbursement Fee or Competition Approval Reimbursement Fee (as applicable):
 - (1) is declared by the Takeovers Panel to constitute 'unacceptable circumstances'; or
 - (2) is determined to be unenforceable or unlawful by a court,provided that, in either case, all lawful avenues of appeal and review, judicial and otherwise, have been exhausted.
- (b) The parties must not make or cause to be made, any application to the Takeovers Panel or a court for or in relation to a declaration or determination referred to in clause 14.6(a).



14.7 Reimbursement Fee payable only once

- (a) Where the Tatts Reimbursement Fee becomes payable to Tabcorp under clause 14.2 and is actually paid to Tabcorp, Tabcorp cannot make any claim against Tatts for payment of any subsequent Tatts Reimbursement Fee.
- (b) Where the Tabcorp Reimbursement Fee becomes payable to Tatts under clause 14.3 and is actually paid to Tatts, Tatts cannot make any claim against Tabcorp for payment of any subsequent Tabcorp Reimbursement Fee.

14.8 Other Claims

This clause 14 does not limit the rights of any person in respect of any other Claims that may arise under this deed which relate to the event that gave rise to the right to make a demand under clause 14.4. However, any amount received by a person pursuing such other Claims must be offset and reduced by any amounts received by the relevant party pursuant to this clause 14.

14.9 No Reimbursement Fee or Competition Approval Reimbursement Fee if Scheme Effective

Despite anything to the contrary in this deed, the Tatts Reimbursement Fee, the Tabcorp Reimbursement Fee nor the Competition Approval Reimbursement Fee will be payable prior to the termination of this deed or if the Scheme becomes Effective, notwithstanding the occurrence of any event in clauses 14.2, 14.3 or 14.10.

14.10 Competition Approval Reimbursement Fee

- (a) Subject to clauses 14.6, 14.9 and 14.10(b), Tabcorp must pay the Competition Approval Reimbursement Fee to Tatts, without set-off or withholding, into the account nominated by Tatts within 5 Business Days after receiving a demand for payment if:
 - (1) this deed is terminated under clause 3.4(f); or
 - (2) the Condition Precedent in clause 3.1(a)(1) (**Competition Approval Condition**) is not satisfied (or waived) by the End Date,provided that:
 - (3) Tatts has complied with its obligations under this deed;
 - (4) Tatts has used its best endeavours to procure that the Competition Approval Condition is satisfied.
- (b) If for any reason Tatts is entitled to payment of the Reimbursement Fee from Tabcorp as well as the Competition Approval Reimbursement Fee under this deed, then Tatts will only be entitled to retain the higher of the two fees.

15 Termination

15.1 Termination for material breach

- (a) Either party may terminate this deed by written notice to the other party:



- (1) other than in respect of a breach of either a Tabcorp Representation and Warranty or a Tatts Representation and Warranty (which are dealt with in clause 15.2), at any time before 8.00am on the Second Court Date if the other party has materially breached this deed, the party entitled to terminate has given written notice to the party in breach of this deed setting out the relevant circumstances and stating an intention to terminate this deed, and the other party has failed to remedy the breach within 5 Business Days (or any shorter period ending at 5.00pm on the Business Day before the Second Court Date) after the date on which the notice is given;
 - (2) at any time before 8.00am on the Second Court Date if the Court (or another court of competent jurisdiction in Australia) or another Government Agency (other than the Australian Competition Tribunal) in Australia has taken any action permanently restraining or otherwise prohibiting or preventing the Transaction, or has refused to do anything necessary to permit the Transaction from being implemented by the End Date, and the action or refusal has become final and cannot be appealed or reviewed or the party, acting reasonably, believes that there is no realistic prospect of an appeal or review succeeding by the End Date;
 - (3) in the circumstances set out in, and in accordance with, clause 3.4; or
 - (4) if the Effective Date for the Scheme has not occurred, or will not occur, on or before the End Date.
- (b) Tabcorp may terminate this deed by written notice to Tatts until 8.00am on the Second Court Date if:
- (1) a Material Adverse Change or a Prescribed Occurrence occurs, is announced or is otherwise discovered by Tabcorp (whether or not it becomes public) in relation to Tatts, Tabcorp has given written notice to Tatts setting out the relevant circumstances and stating an intention to terminate this deed, and Tatts has failed to remedy the Material Adverse Change or Prescribed Occurrence to Tabcorp's reasonable satisfaction within 5 Business Days (or any shorter period ending at 5.00pm on the Business Day before the Second Court Date) after the date on which the notice is given; or
 - (2) a majority of the members of the Tatts Board fails to recommend the Scheme or a majority of the members of the Tatts Board withdraw, adversely revise or adversely modify their recommendation that Tatts Shareholders vote in favour of the Scheme, or a majority of the members of the Tatts Board make a public statement indicating that they no longer recommend the Transaction or recommending, supporting or endorsing another transaction (including any Competing Proposal but excluding a statement that no action should be taken by Tatts Shareholders pending the assessment of a Competing Proposal by the Tatts Board).
- (c) Tatts may terminate this deed by written notice to Tabcorp at any time before 8.00am on the Second Court Date if:
- (1) a Material Adverse Change or a Prescribed Occurrence occurs, is announced or is otherwise discovered by Tatts (whether or not it becomes public) in relation to Tabcorp, Tatts has given written notice to Tabcorp setting out the relevant circumstances and stating an intention to terminate this deed, and Tabcorp has failed to remedy the Material Adverse Change or Prescribed Occurrence to Tatts'



reasonable satisfaction within 5 Business Days (or any shorter period ending at 5.00pm on the Business Day before the Second Court Date) after the date on which the notice is given; or

- (2) as permitted by clause 5.4, a majority of the members of the Tatts Board fail to recommend or withdraw, adversely revise or adversely qualify (except for customary qualifications) their recommendation that Tatts Shareholders vote in favour of the Scheme, or the Tatts Board recommends any Competing Proposal.

15.2 Termination for breach of representations and warranties

- (a) Tabcorp may, at any time prior to 8.00am on the Second Court Date, terminate this deed for breach of a Tatts Representation and Warranty only if:
 - (1) Tabcorp has given written notice to Tatts setting out the relevant circumstances and stating an intention to terminate or to allow the Scheme to lapse; and
 - (2) the relevant breach continues to exist 5 Business Days (or any shorter period ending at 5.00pm on the Business Day before the Second Court Date) after the date on which the notice is given under clause 15.2(a)(1).
- (b) Tatts may, at any time before 8.00am on the Second Court Date, terminate this deed for breach of a Tabcorp Representation and Warranty only if:
 - (1) Tatts has given written notice to Tabcorp setting out the relevant circumstances and stating an intention to terminate or to allow the Scheme to lapse; and
 - (2) the relevant breach continues to exist 5 Business Days (or any shorter period ending at 5.00pm on the Business Day before the Second Court Date) after the date on which the notice is given under clause 15.2(b)(1).

15.3 Effect of termination

If this deed is terminated by either party under clauses 3.4, 15.1 or 15.2:

- (a) each party will be released from its obligations under this deed, except that this clause 15.3, and clauses 1, 9.7, 9.8, 9.9, 12, 14, 16, 17, 18 and 19, will survive termination and remain in force;
- (b) each party will retain the rights it has or may have against the other party in respect of any past breach of this deed; and
- (c) in all other respects, all future obligations of the parties under this deed will immediately terminate and be of no further force and effect including any further obligations in respect of the Scheme.

15.4 Termination

Where a party has a right to terminate this deed, that right for all purposes will be validly exercised if the party delivers a notice in writing to the other party stating that it terminates this deed and the provision under which it is terminating the Deed.



15.5 No other termination

Neither party may terminate or rescind this deed except as permitted under clauses 3.4, 15.1 or 15.2.

16 Duty, costs and expenses

16.1 Stamp duty

Tabcorp:

- (a) must pay all stamp duties and any fines and penalties with respect to stamp duty in respect of this deed or the Scheme or the steps to be taken under this deed or the Scheme; and
- (b) indemnifies Tatts against any liability arising from its failure to comply with clause 16.1(a).

16.2 Costs and expenses

Except as otherwise provided in this deed, each party must pay its own costs and expenses in connection with the negotiation, preparation, execution, delivery and performance of this deed and the proposed, attempted or actual implementation of this deed and the Transaction.

17 GST

- (a) Any consideration or amount payable under this deed, including any non-monetary consideration (as reduced in accordance with clause 17(e) if required) (**Consideration**) is exclusive of GST.
- (b) If GST is or becomes payable on a Supply made under or in connection with this deed, an additional amount (**Additional Amount**) is payable by the party providing consideration for the Supply (**Recipient**) equal to the amount of GST payable on that Supply as calculated by the party making the Supply (**Supplier**) in accordance with the GST Law.
- (c) The Additional Amount payable under clause 17(b) is payable at the same time and in the same manner as the Consideration for the Supply, and the Supplier must provide the Recipient with a Tax Invoice. However, the Additional Amount is only payable on receipt of a valid Tax Invoice.
- (d) If for any reason (including the occurrence of an Adjustment Event) the amount of GST payable on a Supply (taking into account any Decreasing or Increasing Adjustments in relation to the Supply) varies from the Additional Amount payable by the Recipient under clause 17(b):
 - (1) the Supplier must provide a refund or credit to the Recipient, or the Recipient must pay a further amount to the Supplier, as appropriate;
 - (2) the refund, credit or further amount (as the case may be) will be calculated by the Supplier in accordance with the GST Law; and
 - (3) the Supplier must notify the Recipient of the refund, credit or further amount within 14 days after becoming aware of the variation to the



amount of GST payable. Any refund or credit must accompany such notification or the Recipient must pay any further amount within 7 days after receiving such notification, as appropriate. If there is an Adjustment Event in relation to the Supply, the requirement for the Supplier to notify the Recipient will be satisfied by the Supplier issuing to the Recipient an Adjustment Note within 14 days after becoming aware of the occurrence of the Adjustment Event.

- (e) Despite any other provision in this deed if an amount payable under or in connection with this deed (whether by way of reimbursement, indemnity or otherwise) is calculated by reference to an amount incurred by a party, whether by way of cost, expense, outlay, disbursement or otherwise (**Amount Incurred**), the amount payable must be reduced by the amount of any Input Tax Credit to which that party is entitled in respect of that Amount Incurred.
- (f) Any reference in this clause to an Input Tax Credit to which a party is entitled includes an Input Tax Credit arising from a Creditable Acquisition by that party but to which the Representative Member of a GST Group of which the party is a member is entitled.
- (g) Any term starting with a capital letter that is not defined in this deed has the same meaning as the term has in the *A New Tax System (Goods & Services Tax) Act 1999* (Cth).

18 Notices

18.1 Form of Notice

A notice or other communication to a party under this deed (**Notice**) must be:

- (a) in writing and in English; and
- (b) addressed to that party as nominated below (or any alternative details nominated to the sending party by Notice):

Party	Address	Addressee	Email
Tatts	87 Ipswich Road, Woolloongabba, QLD 4102	Ms Anne Tucker, General Counsel and Company Secretary	anne.tucker@tattsgroup.com
	Copy to Clayton Utz, Level 18, 333 Collins Street, Melbourne VIC 3000	Andrew Walker, Partner	awalker@claytonutz.com



Party	Address	Addressee	Email
Tabcorp	5 Bowen Crescent, Melbourne, VIC 3004	Ms Fiona Mead, Company Secretary	Fiona.Mead@tabcorp.com.au
	Copy to Herbert Smith Freehills Level 42, 101 Collins Street, Melbourne VIC 3000	Rodd Levy, Partner Courtney Dixon, Senior Associate	Rodd.Levy@hsf.com Courtney.Dixon@hsf.com

18.2 How Notice must be given and when Notice is received

- (a) A Notice must be given by one of the methods set out in the table below.
- (b) A Notice is regarded as given and received at the time set out in the table below.

However, if this means the Notice would be regarded as given and received outside the period between 9.00am and 5.00pm (addressee's time) on a Business Day (**business hours period**), then the Notice will instead be regarded as given and received at the start of the following business hours period.

Method of giving Notice	When Notice is regarded as given and received
By hand to the nominated address	When delivered to the nominated address.
By email to the nominated email address	When the party sending the email receives notification that the email was successfully transmitted and read by the receiving party, or if no such notification is received, 24 hours after the email was sent, unless the party sending the email receives notification that the email was not successfully transmitted.

19 General

19.1 Governing law and jurisdiction

- (a) This deed is governed by the law in force in Victoria.
- (b) Each party irrevocably submits to the non-exclusive jurisdiction of courts exercising jurisdiction in Victoria and courts of appeal from them in respect of any proceedings arising out of or in connection with this deed. Each party irrevocably waives any objection to the venue of any legal process in these courts on the basis that the process has been brought in an inconvenient forum.



19.2 Service of process

Without preventing any other mode of service, any document in an action (including any writ of summons or other originating process or any third or other party notice) may be served on any party by being delivered to or left for that party at its address for service of Notices under clause 18.

19.3 No merger

The rights and obligations of the parties do not merge on completion of the Transaction. They survive the execution and delivery of any assignment or other document entered into for the purpose of implementing the Transaction.

19.4 Invalidity and enforceability

- (a) If any provision of this deed is invalid under the law of any jurisdiction the provision is enforceable in that jurisdiction to the extent that it is not invalid, whether it is in severable terms or not.
- (b) Clause 19.4(a) does not apply where enforcement of the provision of this deed in accordance with clause 19.4(a) would materially affect the nature or effect of the parties' obligations under this deed.

19.5 Waiver

No party to this deed may rely on the words or conduct of any other party as a waiver of any right unless the waiver is in writing and signed by the party granting the waiver.

The meanings of the terms used in this clause 19.5 are set out below.

Term	Meaning
conduct	includes delay in the exercise of a right.
right	any right arising under or in connection with this deed and includes the right to rely on this clause.
waiver	includes an election between rights and remedies, and conduct which might otherwise give rise to an estoppel.

19.6 Variation

A variation of any term of this deed must be in writing and signed by the parties.

19.7 Assignment of rights

- (a) A party may not assign, novate, declare a trust over or otherwise transfer or deal with any of its rights or obligations under this deed without the prior written consent of the other party or as expressly provided in this deed.



- (b) A breach of clause 19.7(a) by a party shall be deemed to be a material breach for the purposes of clause 15.1(a)(1).
- (c) Clause 19.7(b) does not affect the construction of any other part of this deed.

19.8 Acknowledgement

Each party acknowledges that the remedy of damages may be inadequate to protect the interests of the parties for a breach of clause 13 and that either party is entitled to seek and obtain without limitation injunctive relief if the other party breaches or threatens to breach clause 13.

19.9 Further action to be taken at each party's own expense

Each party must, at its own expense, do all things and execute all documents necessary to give full effect to this deed and the transactions contemplated by it.

19.10 Entire agreement

This deed, together with the Confidentiality Agreement and all other documents referred to herein or initialled by or on behalf of the parties on or about the date hereof, states all the express terms agreed by the parties in respect of its subject matter. These supersede all prior discussions, negotiations, understandings and agreements in respect of its subject matter (other than the Confidentiality Agreement).

19.11 Counterparts

This deed may be executed in any number of counterparts.

19.12 Relationship of the parties

- (a) Nothing in this deed gives a party authority to bind any other party in any way.
- (b) Nothing in this deed imposes any fiduciary duties on a party in relation to any other party.

19.13 Remedies cumulative

Except as provided in this deed and permitted by law, the rights, powers and remedies provided in this deed are cumulative with, and not exclusive of, the rights, powers and remedies provided by law independently of this deed.

19.14 Exercise of rights

- (a) Unless expressly required by the terms of this deed, a party is not required to act reasonably in giving or withholding any consent or approval or exercising any other right, power, authority, discretion or remedy, under or in connection with this deed.
- (b) A party may (without any requirement to act reasonably) impose conditions on the grant by it of any consent or approval, or any waiver of any right, power, authority, discretion or remedy, under or in connection with this deed. Any conditions must be complied with by the party relying on the consent, approval or waiver.



Schedules

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Schedule 1

Tabcorp Representations and Warranties

Tabcorp represents and warrants to Tatts (in its own right and separately as trustee or nominee for each of the other Tatts Indemnified Parties) that:

- (a) **Tabcorp Information:** the Tabcorp Information provided for inclusion in the Scheme Booklet, as at the date the Scheme Booklet is despatched to Tatts Shareholders, will not contain any statement which is materially misleading or deceptive (with any statement of belief or opinion having been formed on a reasonable basis), including by way of omission from that statement;
- (b) **basis of Tabcorp Information:** the Tabcorp Information:
 - (1) will be provided to Tatts in good faith and on the understanding that Tatts and each other Tatts Indemnified Party will rely on that information for the purposes of preparing the Scheme Booklet and proposing the Scheme; and
 - (2) will comply in all material respects with the requirements of the Corporations Act, the Corporations Regulations, RG 60 and the Listing Rules,and all information provided by Tabcorp to the Independent Expert will be provided in good faith and on the understanding that the Independent Expert will rely on that information for the purpose of preparing the Independent Expert's Report;
- (c) **new information:** it will, as a continuing obligation, provide to Tatts all further or new information which arises after the Scheme Booklet has been despatched to Tatts Shareholders until the date of the Scheme Meeting which is necessary to ensure that the Tabcorp Information is not misleading or deceptive (including by way of omission);
- (d) **validly existing:** it is a validly existing corporation registered under the laws of its place of incorporation;
- (e) **authority:** the execution and delivery of this deed has been properly authorised by all necessary corporate action of Tabcorp;
- (f) **power:** it has full capacity, corporate power and lawful authority to execute, deliver and perform this deed;
- (g) **no default:** this deed does not conflict with or result in the breach of or a default under:
 - (1) any provision of Tabcorp's Constitution; or
 - (2) any material term or provision of any Material Contract (including any material financing arrangements) or any writ, order or injunction, judgment, law, rule or regulation to which it is party or subject or by which it or any other Tabcorp Group Member is bound,and it is not otherwise bound by any agreement that would prevent or restrict it from entering into or performing this deed;
- (h) **deed binding:** this deed is a valid and binding obligation of Tabcorp, enforceable in accordance with its terms;



- (i) **continuous disclosure:** Tabcorp has complied in all material respects with its continuous disclosure obligations under Listing Rule 3.1 and, other than for this Transaction, it is not relying on the carve-out in Listing Rule 3.1A to withhold any material information from public disclosure;
- (j) **capital structure:** its capital structure, including all issued securities as at the date of this deed, is as set out in Schedule 3 and it has not issued or granted (or agreed to issue or grant) any other securities, options, warrants, performance rights or other instruments which are still outstanding and may convert into Tabcorp Shares other than as set out in Schedule 3 and it is not under any obligation to issue or grant, and no person has any right to call for the issue or grant of, any Tabcorp Shares, options, warrants, performance rights or other securities or instruments in Tabcorp;
- (k) **interest:** any company, partnership, trust, joint venture or other enterprise in which Tabcorp or another Tabcorp Group Member owns or has a material interest in is as notified in writing by Tabcorp to Tatts prior to entry into this deed;
- (l) **Insolvency Event or regulatory action:** no Insolvency Event has occurred in relation to it or another Tabcorp Group Member, nor has any regulatory action of any nature been taken that would prevent or restrict its ability to fulfil its obligations under this deed;
- (m) **compliance:** each member of the Tabcorp Group has complied in all material respects with all Australian and foreign laws and regulations applicable to them and orders of Australian and foreign Government Agencies having jurisdiction over them and have all material licenses, authorisations and permits necessary for them to conduct the business of the Tabcorp Group as presently being conducted;
- (n) **Tabcorp Disclosure Materials:** it has collated and prepared all of the Tabcorp Disclosure Materials in good faith for the purposes of a due diligence process (but which process does not include due diligence on information of commercial or competitive sensitivity) and in this context, as far as Tabcorp is aware, the Tabcorp Disclosure Materials contain all material information within the categories referred to in the due diligence request list initialled by the parties' lawyers for the purposes of identification on or about the date of this deed;
- (o) **all information:** subject to the Protocols and so far as it is aware, Tabcorp has disclosed all material information (or the substance of such material information) relating to the Tabcorp Group or its respective businesses or operations (having made reasonable enquiries) as at the date of this deed, that is objectively necessary for Tatts to make an informed assessment of:
 - (1) Tabcorp's Material Contracts and their respective change of control or termination provisions which would be enlivened by implementation of the Transaction;
 - (2) Tabcorp's material licencing arrangements;
 - (3) Tabcorp's material financing arrangements; and
 - (4) material disputes between Tabcorp and a Government Authority; and
- (p) **not misleading:** all information it has provided to the Independent Expert, pursuant to clause 5.2(q) or otherwise, or to Tatts is accurate and not misleading and it has not omitted any information which it is aware would be required to make the information provided to the Independent Expert or Tatts not misleading.



Schedule 2

Tatts Representations and Warranties

Tatts represents and warrants to Tabcorp (in its own right and separately as trustee or nominee for each of the other Tabcorp Indemnified Parties) that:

- (a) **Tatts Information:** the Tatts Information contained in the Scheme Booklet, as at the date the Scheme Booklet is despatched to Tatts Shareholders, will not contain any statement which is materially misleading or deceptive (with any statement of belief or opinion having been formed on a reasonable basis), including by way of omission from that statement;
- (b) **basis of Tatts Information:** the Tatts Information:
 - (1) will be prepared and included in the Scheme Booklet in good faith and on the understanding that Tabcorp and each other Tabcorp Indemnified Party will rely on that information; and
 - (2) will comply in all material respects with the requirements of the Corporations Act, the Corporations Regulations, RG 60 and the Listing Rules,and all information provided by Tatts to the Independent Expert will be provided in good faith and on the understanding that the Independent Expert will rely on that information for the purpose of preparing the Independent Expert's Report;
- (c) **new information:** it will, as a continuing obligation (but in respect of the Tabcorp Information, only to the extent that Tabcorp provides Tatts with updates to the Tabcorp Information), ensure that the Scheme Booklet is updated to include all further or new information which arises after the Scheme Booklet has been despatched to Tatts Shareholders until the date of the Scheme Meeting which is necessary to ensure that the Scheme Booklet is not misleading or deceptive (including by way of omission);
- (d) **validly existing:** it is a validly existing corporation registered under the laws of its place of incorporation;
- (e) **authority:** the execution and delivery of this deed has been properly authorised by all necessary corporate action of Tatts;
- (f) **power:** it has full capacity, corporate power and lawful authority to execute, deliver and perform this deed;
- (g) **no default:** this deed does not conflict with or result in the breach of or a default under:
 - (1) any provision of Tatts constitution;
 - (2) any material term or provision of any Material Contract (including any material financing arrangements) or any writ, order or injunction, judgment, law, rule or regulation to which it is party or subject or by which it or any other Tatts Group Member is bound,and it is not otherwise bound by any agreement that would prevent or restrict it from entering into or performing this deed;
- (h) **deed binding:** this deed is a valid and binding obligation of Tatts, enforceable in accordance with its terms;



- (i) **continuous disclosure:** Tatts has complied in all material respects with its continuous disclosure obligations under Listing Rule 3.1 and, other than for this Transaction, it is not relying on the carve-out in Listing Rule 3.1A to withhold any material information from public disclosure;
- (j) **capital structure:** its capital structure, including all issued securities as at the date of this deed, is as set out in Schedule 4 and it has not issued or granted (or agreed to issue or grant) any other securities, options, warrants, performance rights or other instruments which are still outstanding and may convert into Tatts Shares other than as set out in Schedule 4 and it is not under any obligation to issue or grant, and no person has any right to call for the issue or grant of, any Tatts Shares, options, warrants, performance rights or other securities or instruments in Tatts;
- (k) **interest:** any company, partnership, trust, joint venture or other enterprise in which Tatts or another Tatts Group Member owns or has a material interest in is as notified in writing by Tatts to Tabcorp prior to entry into this deed;
- (l) **Insolvency Event or regulatory action:** no Insolvency Event has occurred in relation to it or another Tatts Group Member, nor has any regulatory action of any nature been taken that would prevent or restrict its ability to fulfil its obligations under this deed;
- (m) **compliance:** each member of the Tatts Group has complied in all material respects with all Australian and foreign laws and regulations applicable to them and orders of Australian and foreign Government Agencies having jurisdiction over them and have all material licenses, authorisations and permits necessary for them to conduct the business of the Tatts Group as presently being conducted;
- (n) **Tatts Disclosure Materials:** it has collated and prepared all of the Tatts Disclosure Materials in good faith for the purposes of a due diligence process (but which process does not include due diligence on information of commercial or competitive sensitivity) and in this context, as far as Tatts is aware, the Tatts Disclosure Materials contain all material information within the categories referred to in the due diligence request list initialled by the parties' lawyers for the purposes of identification on or about the date of this deed;
- (o) **all information:** subject to the Protocols and so far as it is aware, Tatts has disclosed all material information (or the substance of such material information) relating to the Tatts Group or its respective businesses or operations as at the date of this deed, that would be objectively necessary for Tabcorp to make an informed assessment of:
 - (1) Tatts' Material Contracts and their respective change of control or termination provisions which would be enlivened by implementation of the Transaction;
 - (2) Tatts' material licencing arrangements;
 - (3) Tatts' material financing arrangements; and
 - (4) material disputes between Tatts and a Government Authority; and
- (p) **not misleading:** all information it has provided to the Independent Expert, pursuant to clause 5.2(q) or otherwise, or to Tabcorp is accurate and not misleading and it has not omitted any information which it is aware would be required to make the information provided to the Independent Expert or Tabcorp not misleading.



Schedule 3

Tabcorp details

Security	Total number on issue
Tabcorp Shares	835,267,041
Tabcorp Performance Rights	2,554,854 Performance Rights which are capable of being converted into 2,554,854 Tabcorp Shares.
Subordinated Notes	2,500,000



Schedule 4

Tatts details

Security	Total number on issue
Tatts Shares	1,468,016,192
Restricted Shares	1,562,647
Performance Rights	653,289 FY 2016 Performance Rights; and 227,155 FY 2017 Performance Rights, which are in aggregate capable of being converted into 880,444 Tatts Shares.
Senior and unsecured debt securities	1,946,642



Signing page

Executed as a deed

Signed sealed and delivered by
Tabcorp Holdings Limited
by

sign here ▶ 
Company Secretary/Director

print name PAULA JANE DWYER

sign here ▶ 
Director

print name DAVID ATTENBOROUGH

Signed sealed and delivered by
Tatts Group Limited
by

sign here ▶ 
Company Secretary/Director

print name HARRY DEAN

sign here ▶ 
Director

print name Robert Michael Sean Cooke



HERBERT
SMITH
FREEHILLS

Attachment 1

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

Clayton Utz
Lawyers
Level 18 333 Collins Street
Melbourne VIC 3000
GPO Box 9806 Melbourne VIC 3001
Tel +61 3 9286 6000
Fax +61 3 9629 8488
www.claytonutz.com

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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.

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 **[insert]** 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 fifth 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 fifth 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.

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 8.00 am 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 8.00 am 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 8.00 am 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 8.00 am 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 5.00 pm 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 and allot 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 and 4.8, in respect of the Cash Consideration Tabcorp must:
 - (i) by no later than the Business Day before the Implementation Date, 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 Scheme 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 this 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 and 4.9, in respect of the Scrip Consideration, on the Implementation Date Tabcorp must:
 - (i) issue to each Scheme Shareholder (other than an Ineligible Foreign Shareholder) such number of New Tabcorp Shares as that Scheme Shareholder is entitled to as Scheme Consideration;
 - (ii) issue to a nominee appointed by Tabcorp in accordance with clause 4.9 such number of New Tabcorp Shares as are attributable to the Ineligible Foreign Shareholders;
 - (iii) 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; and
 - 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; and
 - (iv) 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 Foreign Overseas Shareholders) is not known at their Registered Address.

4.4 Joint holders

In the case of Scheme Shares held in joint names:

- (d) any cheque required to be paid to Scheme Shareholders will be made payable to the joint holders; and
- (e) 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 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 of 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).
- (b) 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.
- (c) Neither Tabcorp nor Tatts gives any assurance as to the price that will be achieved for the sale of New Tabcorp Shares described in clause 4.9(b)(ii). The sale of the New Tabcorp Shares under this clause 4.9 will be at the risk of the Ineligible Foreign Shareholder.
- (d) Tabcorp must appoint the nominee at least 10 Business Days prior to the Scheme Meeting.
- (e) Tabcorp must make payments to Ineligible Foreign Shareholders under clause 4.9(b) by either (in the absolute discretion of Tatts):
 - (i) where an Ineligible Foreign Shareholder 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, 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 has made an election referred to in clause 4.9(e)(i), dispatching, or procuring the dispatch of, a cheque for the relevant amount in Australian currency to the Ineligible Foreign Shareholder 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 in the case of joint holders, in accordance with the procedures in clause 4.4).
- (f) If Tatts receives professional advice that any withholding or other tax is required by law to be withheld from a payment to an Ineligible Foreign Shareholder, Tatts is entitled to withhold the relevant amount before making the payment to the Ineligible Foreign Shareholder (and payment of the reduced amount shall be taken to be full payment of the relevant amount for the purposes of this Scheme, including clause 4.9(b)(ii). Tatts must pay any amount so withheld to the relevant taxation authorities within the time permitted by law, and, if requested in writing by the relevant Ineligible Foreign Shareholder, provide a receipt or other appropriate evidence of such payment (or procure the provision of such receipt or other evidence) to the relevant Ineligible Foreign Shareholder.
- (g) Each Ineligible Foreign 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 under the Corporations Act or any other applicable law.
- (h) Payment of the amount calculated under 4.9(b)(ii) to an Ineligible Foreign Shareholder in accordance with this clause 4.9 satisfies in full the Ineligible Foreign Shareholder's right to the Scrip Consideration.
- (i) 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:

- (i) Tabcorp will issue the maximum possible number of New Tabcorp Shares to the Scheme Shareholder without giving rise to such a breach; and
- (ii) to the maximum extent permitted by law, any further New Tabcorp Shares to which that Scheme Shareholder is entitled, but the issue of which to the Scheme Shareholder would give rise to such a breach, will instead be issued to the nominee and dealt with under the preceding provisions in this clause 4.9, as if a reference to an Ineligible Foreign Shareholder also included that Scheme Shareholder and references to that person's New Tabcorp Shares in that clause were limited to the New Tabcorp Shares issued to the nominee under this clause.

4.10 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.

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 4:00 pm on the day which is the Record Date (in which case Tatts must register such transfers before 7:00 pm 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 and the removal of Tatts from the official list of 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 (within the meaning of section 12 of the *Personal Properties Securities Act 2009* (Cth)), 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 (within the meaning of section 12 of the *Personal Properties Securities Act 2009* (Cth)) 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 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.



HERBERT
SMITH
FREEHILLS

Attachment 2

Deed poll



HERBERT
SMITH
FREEHILLS

EXECUTION

Deed Poll

Tabcorp Holdings Limited



Deed Poll

Date ►

This deed poll is made

By **Tabcorp Holdings Limited ABN 66 063 780 709**
of 5 Bowen Crescent, Melbourne, Victoria, Australia, 3004
(**Tabcorp**)

in favour of each person registered as a holder of fully paid ordinary shares in Tatts Group Limited (**Tatts**) in the Tatts Share Register as at the Scheme Record Date.

Recitals

- 1 Tatts and Tabcorp have entered into the Implementation Deed.
- 2 In the Implementation Deed, Tabcorp agreed to make this deed poll.
- 3 Tabcorp is making this deed poll for the purpose of covenanting in favour of the Scheme Shareholders to perform its obligations under the Implementation Deed and the Scheme.

This deed poll provides as follows:

1 Definitions and interpretation

1.1 Definitions

(a) The meanings of the terms used in this deed poll are set out below.

Term	Meaning
First Court Date	the first day on which an application made to the Court for an order under subsection 411(1) of the Corporations Act convening the Scheme Meeting to consider 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.
Implementation Deed	the merger implementation deed entered into between Tatts and Tabcorp dated 18 October 2016.



Term	Meaning
Scheme	the scheme of arrangement under Part 5.1 of the Corporations Act between Tatts and the Scheme Shareholders, the form of which is annexed to this deed poll, subject to any alterations or conditions made or required by the Court under subsection 411(6) of the Corporations Act and agreed to in writing by Tabcorp and Tatts.
(b)	Unless the context otherwise requires, terms defined in the Scheme have the same meaning when used in this deed poll.

1.2 Interpretation

Sections 1.2 and 1.3 of the Scheme apply to the interpretation of this deed poll, except that references to 'this Scheme' are to be read as references to 'this deed poll'.

1.3 Nature of deed poll

Tabcorp acknowledges that:

- (a) this deed poll may be relied on and enforced by any Scheme Shareholder in accordance with its terms even though the Scheme Shareholders are not party to it; and
- (b) under the Scheme, each Scheme Shareholder irrevocably appoints Tatts and each of its directors, officers and secretaries (jointly and each of them severally) as its agent and attorney to enforce this deed poll against Tabcorp.

2 Conditions to obligations

2.1 Conditions

This deed poll and the obligations of Tabcorp under this deed poll are subject to the Scheme becoming Effective.

2.2 Termination

The obligations of Tabcorp under this deed poll to the Scheme Shareholders will automatically terminate and the terms of this deed poll will be of no force or effect if:

- (a) the Implementation Deed is terminated in accordance with its terms; or
- (b) the Scheme is not Effective on or before the End Date,

unless Tabcorp and Tatts otherwise agree in writing.

2.3 Consequences of termination

If this deed poll terminates under clause 2.2, in addition and without prejudice to any other rights, powers or remedies available to it:

- (a) Tabcorp is released from its obligations to further perform this deed poll except those obligations under clause 7.1; and



- (b) each Scheme Shareholder retains the rights they have against Tabcorp in respect of any breach of this deed poll which occurred before it was terminated.

3 Scheme Consideration

3.1 Undertaking to provide Scheme Consideration

Subject to clause 2, Tabcorp undertakes in favour of each Scheme Shareholder to:

- (a) in relation to cash component of the Scheme Consideration (**Cash Consideration**), deposit, or procure the deposit of, in cleared funds, by no later than the Business Day before the Implementation Date, an amount equal to the aggregate amount of the Cash Consideration payable to all Scheme Shareholders under the Scheme into an Australian dollar denominated trust account operated by Tatts as trustee for the Scheme Shareholders, except that any interest on the amounts deposited (less bank fees and other charges) will be credited to Tabcorp's account;
- (b) in relation to the scrip component of the Scheme Consideration (**Scrip Consideration**), provide the Scrip Consideration to each Scheme Shareholder in accordance with the terms of the Scheme; and
- (c) undertake all other actions and obligations attributed to it under the Scheme, subject to and in accordance with the provisions of the Scheme.

3.2 Shares to rank equally

Tabcorp covenants in favour of each Scheme Shareholder that the New Tabcorp Shares are issued to each Scheme Shareholder in accordance with the Scheme will:

- (a) rank equally with all Tabcorp Shares existing at the issue date;
- (b) be duly and validly issued in accordance with all applicable laws and Tabcorp's constitution; and
- (c) be issued fully paid and free from any mortgage, charge, lien, encumbrance or other security interest, or any third party right.

4 Warranties

Tabcorp represents and warrants in favour of each Scheme Shareholder, in respect of itself, that:

- (a) it is a corporation validly existing under the laws of its place of registration;
- (b) it has the corporate power to enter into and perform its obligations under this deed poll and to carry out the transactions contemplated by this deed poll;
- (c) it has taken all necessary corporate action to authorise its entry into this deed poll and has taken or will take all necessary corporate action to authorise the performance of this deed poll and to carry out the transactions contemplated by this deed poll;
- (d) this deed poll is valid and binding on it and enforceable against it in accordance with its terms; and



- (e) this deed poll does not conflict with, or result in the breach of or default under, any provision of its constitution, or any writ, order or injunction, judgment, law, rule or regulation to which it is a party or subject or by which it is bound.

5 Continuing obligations

This deed poll is irrevocable and, subject to clause 2, remains in full force and effect until:

- (a) Tabcorp has fully performed its obligations under this deed poll; or
- (b) the earlier termination of this deed poll under clause 2.

6 Notices

6.1 Form of Notice

A notice or other communication in respect of this deed poll (**Notice**) must be:

- (a) in writing and in English and signed by or on behalf of the sending party; and
- (b) addressed to Tabcorp in accordance with the details set out below (or any alternative details nominated by Tabcorp by Notice).

Address	Addressee	Email
5 Bowen Crescent, Melbourne, VIC 3004	The Company Secretary	Fiona.Mead@tabcorp.com.au

6.2 How Notice must be given and when Notice is received

- (a) A Notice must be given by one of the methods set out in the table below.
- (b) A Notice is regarded as given and received at the time set out in the table below.

However, if this means the Notice would be regarded as given and received outside the period between 9.00am and 5.00pm on a Business Day (**business hours period**), then the Notice will instead be regarded as given and received at the start of the following business hours period.

Method of giving Notice	When Notice is regarded as given and received
By hand to the nominated address	When delivered to the nominated address
By email to the nominated email address	When the email (including any attachment) comes to the attention of the recipient party or a person acting on its behalf.



7 General

7.1 Stamp duty

Tabcorp:

- (a) will pay all stamp duty and any related fines and penalties in respect of the Scheme and this deed poll, the performance of this deed poll and each transaction effected by or made under the Scheme and this deed poll; and
- (b) indemnify each Scheme Shareholder against any liability arising from failure to comply with clause 7.1(a).

7.2 Governing law and jurisdiction

- (a) This deed poll is governed by the law in force in Victoria, Australia.
- (b) Tabcorp irrevocably submits to the non-exclusive jurisdiction of courts exercising jurisdiction in Victoria and courts of appeal from them in respect of any proceedings arising out of or in connection with this deed poll.

7.3 Waiver

- (a) Tabcorp may not rely on the words or conduct of any Scheme Shareholder as a waiver of any right unless the waiver is in writing and signed by the Scheme Shareholder granting the waiver.
- (b) The meanings of the terms used in this clause 7.3 are set out below.

Term	Meaning
conduct	includes a failure or delay in the exercise or partial exercise of a right.
right	any right arising under or in connection with this deed poll (including for a breach of or default under this deed poll) and includes the right to rely on this clause.
waiver	includes an election between rights and remedies, and conduct which might otherwise give rise to an estoppel.

7.4 Variation

A provision of this deed poll may not be varied unless the variation is agreed to by Tabcorp and:

- (a) if before the First Court Date, the variation is agreed to by Tatts; or
- (b) if on or after the First Court Date, the variation is agreed to by Tatts and the Court indicates that the variation would not of itself preclude approval of the Scheme,



in which event Tabcorp will enter into a further deed poll in favour of the Scheme Shareholders giving effect to the variation.

7.5 Cumulative rights

The rights, powers and remedies of Tabcorp and the Scheme Shareholders under this deed poll are cumulative and do not exclude any other rights, powers or remedies provided by law independently of this deed poll.

7.6 Assignment

- (a) The rights created by this deed poll are personal to Tabcorp and each Scheme Shareholder and must not be dealt with at law or in equity without the prior written consent of Tabcorp.
- (b) Any purported dealing in contravention of clause 7.6(a) is invalid.

7.7 Further action

Tabcorp must, at its own expense, do all things and execute all documents necessary to give full effect to this deed poll and the transactions contemplated by it.



Signing page

Executed as a deed poll

Signed sealed and delivered by
Tabcorp Holdings Limited
by

sign here ► _____
Company Secretary/Director

print name _____

sign here ► _____
Director

print name _____
