



26 June 2008

Notice to Shareholders of Tatts Group Limited (Tatts) who acquired their shares pursuant to the Restructure of the Estate of the Late George Adams (the Estate), and who acquired their interest in the Estate prior to 20 September 1985.

Shareholders of Tatts who acquired their shares in Tatts (**Shares**) pursuant to the Restructure of the Estate, and who also acquired their interests in the Estate prior to 20 September 1985, are deemed to have acquired their shares in Tatts prior to 20 September 1985 provided they claimed rollover relief in relation to the Restructure of the Estate. This notice is provided to such Pre-CGT Shareholders.

CGT event K6 applies where 75% or more of the value of Tatts is attributable to assets acquired (or deemed to be acquired) by Tatts after 19 September 1985 (in this notice these assets are referred to as "Post-CGT Assets" and references to Pre-CGT Assets are references to assets which Tatts is deemed to have acquired prior to 20 September 1985).

At the time of the Restructure, the Commissioner of Taxation released class ruling CR2005/61 (**the Class Ruling**), which was applicable to Beneficiaries of the Estate who disposed of their Shares around the time of the Restructure. While the Class Ruling is no longer of application to Pre-CGT Shareholders who dispose of their Shares after the Restructure it provides some guidance as to the Commissioner's opinion that the goodwill and brand of Tatts (as opposed to the goodwill and brand of UNiTAB) are Pre-CGT assets. This notice proceeds on the basis that the Commissioner will continue to regard the Tatts' goodwill and brand as Pre-CGT assets.

As previously communicated, the previous Government issued an Announcement (**the Tax Announcement**), which has now been endorsed by the current Government, concerning the calculation of CGT Event K6 for tax consolidated groups, such as the Tatts group. At this time no legislation has been introduced into Parliament in respect of the Tax Announcement.

In relation to the period from the date covered by our last notice about CGT Event K6 i.e. from 30 June 2007 to April 11 2008, the Shares traded on the ASX within a high and low valuation range of between \$5.13 and \$2.49 which means the market capitalisation of Tatts has varied in that period between \$6,491 million and \$3,150 million.

Based on our understanding of the Tax Announcement, CGT Event K6 could potentially apply to a Pre CGT Shareholder who has sold or otherwise disposed of their Shares between 30 June 2007 and 11 April 2008 if the value of Tatts' assets (including the value of assets held by wholly-owned Australian resident subsidiaries of Tatts) other than Tatts goodwill and brand, exceeded 75% of the market value of the Shares at the time of the disposal. This figure could be as low as \$ 2,363 million.

Tatts is currently working to provide appropriate information which will assist pre CGT Shareholders to determine any potential application of CGT Event K6.



Shareholders are again advised to seek their own independent Taxation advice to consider these issues. This notice should not be relied upon as Taxation or Investment advice by Pre-CGT shareholders, and neither Tatts, its management or its advisers accept any responsibility for any loss arising to a shareholder who relies on it as a basis for making any decision regarding their shares in Tatts, or their taxation affairs generally.

Contact:

Ray Gunston - Chief Financial Officer (03) 8517 7203