



15 October 2007

The Manager
Company Announcements Office
Australian Securities Exchange
4th Floor, 20 Bridge Street
SYDNEY NSW 2000

By Electronic Lodgement

Dear Sir,

**Re: Independent directors of travel.com.au Limited Unanimously
Recommend Revised Takeover Offer from Wotif.com Holdings Limited**

Wotif.com Holdings Limited (**Wotif.com**) and travel.com.au Limited (**TVL**) today announced that Wotif.com has revised its takeover offer (**Offer**) for TVL. This follows TVL's announcement on 11 October 2007 that it has terminated its Implementation Agreement with Webjet Limited (**Webjet**).

This revised Offer by Wotif.com (details of which are set out below) is unanimously considered by TVL's independent directors to be superior to the offer made by Webjet on 4 October 2007. Accordingly TVL's independent directors unanimously recommend the Wotif.com Offer as being in the interests of TVL and its shareholders, in the absence of a superior proposal and subject to an independent expert concluding that the Wotif.com Offer is fair and reasonable.

TVL's independent directors recommend that TVL shareholders DO NOT ACCEPT the Webjet offer, which we understand will be mailed to shareholders shortly, and wait for the Wotif.com offer documents.

Wotif.com advises that it has today acquired a 19.5% relevant interest in TVL shares at 55 cents.

In addition certain directors of TVL have also advised that they intend to accept Wotif.com's Offer for shares that they hold or otherwise have a relevant interest in representing approximately 9.4% of TVL.

Details of Revised Wotif.com Offer

Wotif.com's Offer provides TVL's shareholders with a choice of two alternative forms of consideration:

1. If a minimum acceptance of 75.1% from TVL shareholders is reached:

- 55 cents in cash for each TVL share (**All Cash Alternative**); or
- between 0.0982 and 0.1146 Wotif.com shares per TVL share (**All Shares Alternative**). The actual number of Wotif.com shares that will issue and the implied value under this All Shares Alternative is set out below under the heading "All Shares Alternative".

This scenario values TVL at approximately \$55 million¹.

2. If a minimum acceptance of 90% from TVL shareholders is reached:

- 57 cents in cash for each TVL share (**All Cash Alternative**); or
- between 0.1018 and 0.1188 Wotif.com shares per TVL share (**All Shares Alternative**). The actual number of Wotif.com shares that will issue and the implied value under this All Shares Alternative is set out below under the heading "All Shares Alternative".

This scenario values TVL at approximately \$57 million¹.

Conditions of Revised Offer

Wotif.com's Offer is subject to the conditions set out in **Annexure 1** which include (among others):

- Wotif.com acquiring 75.1% of TVL shares;
- receipt of all regulatory approvals (including any approval required from the Travel Compensation Fund);
- no restraint that adversely affects Wotif.com's Offer;
- certain conduct of business conditions (i.e. no material acquisitions, disposals or changes in the conduct of business);
- no prescribed occurrences;
- no material adverse change; and
- TVL holding all licences and permits necessary for the conduct of its business (notwithstanding the change in control resulting from the Offer).

Wotif.com's Offer will extend to any new TVL shares issued during the Offer period due to the exercise of TVL options in accordance with their terms.

Intentions of certain TVL directors and their associated entities

Adam Johnson, the managing director of TVL, has advised that he intends accepting Wotif.com's Offer for shares that he holds or otherwise has a relevant interest in (4.0% of TVL's issued capital).

Co-Investor Capital Partners and its associated entities (a group related to Roger Sharp, Chairman of TVL) intends to accept the Wotif.com Offer in respect of shares representing 5.4% of TVL. As previously announced shares representing 19.9% of TVL held by Co-Investor Capital Partners and its associated entities are currently subject to a pre-bid

¹ Assuming 99.982 million TVL shares outstanding, and excluding the value of any unexercised options.

acceptance agreement with Webjet. Co-Investor Capital Partners and its associated entities may terminate the pre-bid acceptance agreement in the event that (among others):

- Webjet waives its 90% minimum acceptance bid condition;
- the Webjet Offer has not become unconditional within three months following the despatch of the Webjet Offer; or
- Webjet does not announce an increase in its offer price to a price at least equal to the Wotif.com Offer price within 10 business days of the despatch of the Wotif.com Bidder's Statement.

Wotif.com Considers its Offer Provides Significant Value for TVL Shareholders and is Superior to Webjet's Revised Proposal

Wotif.com's Offer (under the All Cash Alternative) is either 55 or 57 cents per TVL share dependant on the acceptance level and Wotif.com considers that it is superior to Webjet's revised proposal:

- Based on the price of the conditional placement made to institutions on 3 October of 10 million Webjet shares of \$1.50, its revised proposal has an implied value of 53.5 cents per TVL share;
- Based on the Webjet closing share price on 12 October 2007, its revised proposal has an implied value of 53.7 cents per TVL Share.

Wotif.com considers that on all past TVL trading metrics Wotif.com's offer is superior to the proposal put forward by Webjet, as demonstrated below:

Trading Period	Wotif.com's Offer 55 cents (75.1% Acceptance)	Wotif.com's Offer 57 cents (90% Acceptance)	WEB Revised Proposal ²	Outcome
TVL's closing share price 5 September 2007	57.1% premium	62.9% premium	53.5% premium	Wotif.com's offer superior ✓
TVL's 1 Month VWAP prior to 6 September 2007	77.5% premium	84.0% premium	73.4% premium	Wotif.com's offer superior ✓
TVL's 3 Month VWAP prior to 6 September 2007	67.6% premium	73.6% premium	63.6% premium	Wotif.com's offer superior ✓

In addition to Wotif.com's Offer being at a premium to the Webjet revised proposal, Wotif.com also considers it remains superior for the following reasons:

- it provides TVL shareholders with the ability to accept either all cash or all shares to suit their own personal circumstances;
- it combines the TVL business with Australasia's leading online accommodation operation and provides TVL shareholders with the opportunity to join the leading accommodation player;
- it is not subject to a 90% minimum acceptance condition;
- it provides for an improved consideration (57 cents) if a 90% acceptance threshold is reached; and

² Based on Webjet's closing share price on 12 October 2007, its offer has an implied value of 53.7 cents per TVL share.

- Wotif.com's range of product will enhance TVL's accommodation offering.

Statements from TVL and Wotif.com

David Williams, Chairman of the TVL Independent Directors' Committee, said

"The independent directors of TVL have reviewed all the available alternatives and consider the Wotif.com Offer is superior to the current Webjet proposal. The independent directors of TVL consider the offer structure proposed by Wotif.com provides greater certainty to TVL shareholders via a lower minimum acceptance threshold, and the choice of either a full cash or full scrip alternative. In addition, the increased pricing of \$0.57 per TVL share in the event that Wotif.com achieves a shareholding of greater than 90% is superior to that proposed by the current Webjet proposal.

The independent directors of TVL consider that the Wotif.com Offer provides the opportunity for TVL shareholders to benefit from the scale and profitability a merged entity would provide, combining TVL's fast growing flights and accommodation assets with Australia's leading online accommodation player."

Robbie Cooke, Wotif.com's Chief Operating Officer, said

"Wotif.com is pleased that the independent directors of TVL have unanimously recommended our Offer to TVL shareholders, highlighting the significant benefits the Wotif.com Offer provides. Our offer is clearly superior to the Webjet alternative in a number of respects. Most significantly our offer provides a higher price, has a lower minimum acceptance threshold and also gives Travel.com.au shareholders full flexibility to accept either 100% cash for their shares or to retain a shareholding in the combined group.

netus Pty Limited has today agreed to sell its 19.5% interest in TVL to Wotif.com at 55 cents per TVL share via an option arrangement. This significant TVL Shareholder has clearly recognised the value of the Wotif.com bid and by its actions has endorsed our offer.

We are excited about the opportunities that will arise from combining both companies - we will be able to significantly enhance Travel.com.au's accommodation offering and will be able to explore avenues to leverage off Travel.com.au's other travel products. The opportunities to build on the combined group's suite of brands will present benefits for customers and suppliers alike."

Wotif.com expects that the combination of TVL and Wotif.com will generate attractive synergies, with a range of operational and administrative cost savings and complementary revenue opportunities expected for the combined group. Wotif.com expects to see EPS accretion for the 2009 financial year, being the first full year after the acquisition. Wotif.com notes that TVL shareholders who accept the All Shares Alternative will be able to participate in these benefits alongside existing Wotif.com shareholders.

All Shares Alternative

In the All Shares Alternative, the actual number of shares which a TVL shareholder will receive if they accept the Offer and it becomes unconditional will depend on the volume weighted average price of Wotif.com shares (**WTF VWAP**) over a 10 trading day period commencing on the trading day after the earlier of the date on which the Offer becomes

unconditional and the last day of the offer period. The number of shares to be issued will depend upon the level of acceptances achieved, as follows:

1. If a minimum acceptance of 75.1% from TVL shareholders is reached

The number of shares to be issued under the All Shares Alternative is calculated as \$0.55 divided by the WTF VWAP, subject to a minimum of 0.0982 Wotif.com shares if the WTF VWAP is \$5.60 or more, and a maximum of 0.1146 Wotif.com shares if the WTF VWAP is \$4.80 or less (subject in each case to the effects of rounding³).

The implied value of the Offer for the All Shares Alternative under a range of WTF VWAPs is shown below:

WTF VWAP		Wotif.com Shares	=	Implied value of the offer
\$4.70	x	0.1146	=	\$0.5385
\$4.80	x	0.1146	=	\$0.5500
\$4.90	x	0.1122	=	\$0.5500
\$5.00	x	0.1100	=	\$0.5500
\$5.10	x	0.1078	=	\$0.5500
\$5.20	x	0.1058	=	\$0.5500
\$5.30	x	0.1038	=	\$0.5500
\$5.40	x	0.1019	=	\$0.5500
\$5.50	x	0.1000	=	\$0.5500
\$5.60	x	0.0982	=	\$0.5500
\$5.70	x	0.0982	=	\$0.5598

2. If a minimum acceptance of 90% from TVL shareholders is reached

The number of shares to be issued under the All Shares Alternative is calculated as \$0.57 divided by the WTF VWAP, subject to a minimum of 0.1018 Wotif.com shares if the WTF VWAP is \$5.60 or more, and a maximum of 0.1188 Wotif.com shares if the WTF VWAP is \$4.80 or less (subject in each case to the effects of rounding³).

³ If under the offer a TVL shareholder would otherwise be entitled to a fraction of a Wotif.com share in respect of their parcel of TVL shares, the TVL shareholder's entitlement to Wotif.com shares will be rounded in accordance with the Offer (fractions of 0.5 or greater will be rounded up; fractions of less than 0.5 will be rounded down).

The implied value of the Offer for the All Shares Alternative under a range of WTF VWAPs is shown below:

WTF VWAP		Wotif.com Shares	=	Implied value of the offer
\$4.70	x	0.1188	=	\$0.5581
\$4.80	x	0.1188	=	\$0.5700
\$4.90	x	0.1163	=	\$0.5700
\$5.00	x	0.1140	=	\$0.5700
\$5.10	x	0.1118	=	\$0.5700
\$5.20	x	0.1096	=	\$0.5700
\$5.30	x	0.1075	=	\$0.5700
\$5.40	x	0.1056	=	\$0.5700
\$5.50	x	0.1036	=	\$0.5700
\$5.60	x	0.1018	=	\$0.5700
\$5.70	x	0.1018	=	\$0.5802

Wotif.com obtains relevant interest in 19.5% shareholding

Wotif.com advises that it has today entered into an agreement with netus Pty Limited which provides Wotif.com with a relevant interest in shares representing 19.5% of TVL. Further details of this agreement will be provided in a Notice of Initial Substantial Holder to be issued by Wotif.com.

Transaction Funding

Depending on the ultimate form of consideration chosen by TVL shareholders, the transaction will result in the issue of up to 11.9 million Wotif.com shares⁴ or total cash consideration of up to A\$57 million. Cash consideration will be funded from Wotif.com's existing cash balances.

Wotif.com has appointed Investec Bank (Australia) Limited as its financial adviser and Clayton Utz as its legal adviser for this transaction.

Robbie Cooke
Chief Operating Officer
Wotif.com Holdings Limited

David Williams
Chairman of the Independent Directors' Committee
travel.com.au Limited

For more information from Wotif.com please contact Robbie Cooke, Chief Operating Officer, on (07) 3512 9965

For more information from travel.com.au please contact David Williams, Chairman of the Independent Directors' Committee, on (02) 9247 7744

⁴ Assuming the maximum number of Wotif.com shares issued under the All Shares Alternative of 0.1188 Wotif.com shares per 1 TVL share, based on 99.982 million TVL shares outstanding and excluding any unexercised options.

Annexure 1 - Bid Conditions

1. **Minimum acceptance condition**

Before the end of the Offer Period, Wotif.com and its associates have relevant interests in that number of TVL Shares which is equal to at least 75.1% of the number all TVL Shares.

2. **No restraining orders**

Between the date of the Announcement Date and the end of the Offer Period:

- (a) there is not in effect any preliminary or final decision, order or decree issued by a Public Authority; or
- (b) no application is made to any Public Authority (other than by any member of the Wotif.com group), or action or investigation is announced, threatened or commenced by a Public Authority in consequence of or in connection with the Offer,

(other than a determination by ASIC or the Takeovers Panel in exercise of the powers and discretions conferred by the *Corporations Act*), which restrains or prohibits (or if granted could restrain or prohibit), or otherwise materially adversely impacts upon, the making of the Offer or the completion of any transaction contemplated by the Offer (whether subject to conditions or not) or the rights of Wotif.com in respect of TVL and the TVL Shares to be acquired under the Offer, or requires the divestiture by Wotif.com of any TVL Shares, or the divestiture of any assets of the TVL group or of the Wotif.com group or otherwise.

3. **Material Adverse Change**

Before the end of the Offer Period there not having occurred, been announced or becoming known to Wotif.com (whether or not becoming public) any event, change or condition which has had, or is reasonably likely to have, a material adverse effect on the operations, assets or liabilities, material contracts (taken as a whole), business or condition (financial or otherwise), profitability or prospects of the TVL group (taken as a whole) since 30 June 2007 (except for any event, change or condition that may arise as a consequence of the announcement or consummation of the Offer), including where it becomes known to Wotif.com that information publicly filed by TVL or any of its subsidiaries, is or is likely to be incomplete, incorrect or untrue or misleading.

4. **Dividends or Other Distributions**

That between the Announcement Date and the end of the Offer Period, TVL does not:

- (a) declare or pay any dividends; or
- (b) otherwise make any distribution of capital or profits to any TVL shareholder, whether by way of a reduction of capital or otherwise and whether by way of a cash distribution or an in specie distribution of assets.

5. **Prescribed Occurrences**

No Prescribed Occurrence occurs between the Announcement Date and the end of the Offer Period.

6. Licences and Permits including Domain Names

At the end of the Offer Period TVL holds, and is reasonably likely to continue to hold, on commercial terms and conditions not materially less favourable to TVL than at the date of the Offer, all licences and permits necessary or desirable for the conduct of its business, including the right to sole use of the domain names www.lastminute.com.au, www.lastminute.co.nz and www.travel.com.au.

7. Regulatory approvals

Before the end of the Offer Period, Wotif.com has obtained any Regulatory Approval required in respect of its intended ownership of TVL and its operation of the business of TVL (including, but not limited to any approval required from the Travel Compensation Fund).

8. No material acquisitions, disposals or changes in the conduct of business

Neither TVL nor any subsidiary of TVL, other than in the ordinary course of business:

- (a) acquires, offers to acquire or agrees to acquire one or more companies or assets (or an interest in one or more companies or assets) for an amount in aggregate greater than \$500,000;
- (b) disposes, offers to dispose or agrees to dispose of one or more companies or assets (or an interest in one or more companies or assets) for an amount in aggregate greater than \$500,000;
- (c) enters into, offers to enter into or announces that it proposes to enter into any joint venture or partnership, involving a commitment of greater than \$500,000;
- (d) incurs, commits to or brings forward the time for incurring or grants to another person a right the exercise of which would involve TVL or a subsidiary of TVL incurring or committing to any capital expenditure or liability in respect of one or more related items of greater than \$500,000; or
- (e) discloses (without having disclosed to ASX or to Wotif.com prior to the Announcement Date) the existence of any matter described in sub-paragraphs (a) to (d) above, or announces an intention or proposal to do anything described in sub-paragraphs (a) to (d) above.

9. No material change of control rights

Between the Announcement Date and the end of the Offer Period (each inclusive), there is no person having any rights, being entitled to have any rights, alleging an entitlement, or expressing or announcing an intention (whether or not that intention is stated to be a final or determined decision of that person) in all cases whether subject to conditions or not, as a result of any change of control event in respect of TVL (including Wotif.com acquiring shares in TVL) or any of its subsidiaries or assets, to:

- (a) terminate or alter any contractual relations between any person and TVL or any of its subsidiaries (for this purpose an alteration includes without limitation an alteration of the operations of a contract, whether or not that altered operation is provided for under the existing terms of the contract);
- (b) require the termination, modification or disposal (or offer to dispose) of any interest or asset, corporate body, joint venture or other entity; or
- (c) accelerate or adversely modify the performance of any obligations of TVL or any of

its subsidiaries under any agreements, contracts or other legal arrangement, provided that this condition 9 will only be breached to the extent that the relevant right, entitlement or intention in paragraphs (a), (b) or (c) if exercised or carried out would have a material adverse effect on TVL or any of its subsidiaries.

10. No untrue statements to ASX or ASIC

Wotif.com does not become aware that any document filed by or on behalf of TVL, or by or on behalf of any person in relation to TVL, with ASX, ASIC or anywhere in the public domain contains a statement which is incorrect or misleading in a material particular or from which there is a material omission.

11. Equal Access to Information

At all times during the period from Announcement Date to the end of the Offer Period TVL promptly or in any event within 2 business days after request by Wotif.com provides to Wotif.com a copy of all information which is not generally available, within the meaning of the Corporations Act, relating to TVL or any subsidiary of TVL or any of their respective businesses or operations that has been provided either in the 6 months prior to the Announcement Date, or during the period from the Announcement Date to the end of the Offer Period by TVL or any subsidiary of TVL or any of their respective officers, employees, advisers or agents to any other person other than Wotif.com for the purpose of soliciting, encouraging or facilitating a proposal or offer by that person, or by any other person, in relation to a transaction under which:

- (a) any person together with its Associate may acquire voting power of 10% or more in TVL or any subsidiary of TVL whether by way of takeover bid, compromise or arrangement under Part 5.1 of the Corporations Act, or otherwise; or
- (b) any person may acquire, directly or indirectly including by way of joint venture, dual listed company structure, or otherwise any interest in all or a substantial part of the business or assets of TVL or any subsidiary of TVL; or
- (c) that person may otherwise acquire control of or merge or amalgamate with TVL or any subsidiary of TVL.

Definitions

Announcement Date	the date on which Wotif.com publicly proposes to make offers under Takeover Bid.
ASIC	the Australian Securities and Investments Commission.
ASX	ASX Limited ACN 008 624 691 or the financial market it operates, as the context requires.
Offer Period	means the period that the Offer is open for acceptance.
Public Authority	any government or any governmental, semi-governmental, administrative, statutory or judicial entity, authority or agency, whether in Australia or elsewhere, including any self-regulatory organisation established under statute or any Stock Exchange.
Prescribed Occurrence	the occurrence of any of the following events: <ul style="list-style-type: none">(a) TVL converts all or any of its shares into a larger or smaller number of shares;

- (b) TVL or a subsidiary of TVL resolves to reduce its share capital in any way;
- (c) TVL or a subsidiary of TVL:
 - (i) enters into a buy-back agreement; or
 - (ii) resolves to approve the terms of a buy-back agreement under section 257C(1) or section 257D(1) of the Corporations Act;
- (d) TVL or a subsidiary of TVL issues shares, or grants an option over its shares or agrees to make such an issue or grant such an option other than TVL issuing shares:
 - (i) as a result of the exercise of options in accordance with the terms of the Executive Option Scheme; or
 - (ii) on satisfaction of the operational performance hurdles of the executive Entitlements in accordance with the Employee Share Ownership Scheme;
- (e) TVL or a subsidiary of TVL issues, or agrees to issue, convertible notes;
- (f) TVL or a subsidiary of TVL disposes, or agrees to dispose, of the whole, or a substantial part, of its business or property,
- (g) TVL or a subsidiary of TVL charges, or agrees to charge, the whole, or a substantial part, of its business or property;
- (h) TVL or a subsidiary of TVL resolves that it be wound up;
- (i) the appointment of a liquidator or provisional liquidator of TVL or of a subsidiary of TVL;
- (j) the making of an order by a court for the winding up of TVL or of a subsidiary of TVL;
- (k) an administrator of TVL, or of a subsidiary of TVL, being appointed under section 436A, 436B or 436C of the Corporations Act;
- (l) TVL or a subsidiary of TVL executing a deed of company arrangement; or
- (m) the appointment of a receiver, or a receiver and manager, in relation to the whole, or a substantial part, of the property of TVL or of a subsidiary of TVL.

Regulatory Approval

- (a) any approval, consent, authorisation, registration, filing, lodgement, permit, franchise, agreement, notarisation, certificate, permission, licence, direction, declaration, authority, waiver, modification or exemption from, by or with a Public Authority; or
- (b) in relation to anything that would be fully or partly prohibited or restricted by law if a Public Authority intervened or acted in any way after lodgement, filing, registration or notification:
 - (i) the expiry of any applicable period without intervention or action; or
 - (ii) the receipt of a statement in writing from the Public Authority that it does not intend to intervene or take action.

TVL Shares

fully paid ordinary shares in the capital of TVL and all rights attaching to them.

TVL

travel.com.au Limited.

Wotif.com

Wotif.com Holdings Limited