

Media Release

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16 June 2015

WESTPAC GROUP ANNOUNCES BT INVESTMENT MANAGEMENT INSTITUTIONAL AND RETAIL OFFER

Westpac Group today announced its intention to sell part of its shareholding in BT Investment Management (BTIM).

The sale will be facilitated by:

- a fully-underwritten Institutional Offer of 55 million shares (approximately 19% of BTIM's issued capital). The Institutional Offer will be undertaken over the next two days via a bookbuild while BTIM shares are in a trading halt; and
- a non-underwritten Retail Offer to existing eligible Westpac and BTIM shareholders of up to 27 million shares (approximately 9% of BTIM's issued capital) at the same price as the Institutional Offer.

The Westpac Group's holding will reduce from its current 59% of BTIM's issued capital to between 31% and 40%.

The sell-down will generate a post-tax accounting gain on sale of between \$0.6 and \$0.7 billion¹ for Westpac. Westpac's common equity Tier one capital ratio is also estimated to increase by between 10 and 15 basis points. The accounting gain will be treated as a cash earnings adjustment in Westpac's full year 2015 accounts.

Westpac Group Chief Financial Officer, Peter King, said the transaction delivers benefits to both Westpac and BTIM.

"The sale allows the Group to realise a part of the investment in BTIM, increasing our capital ratios, while still maintaining a significant interest in BTIM.

"The strength and importance of the relationship remains unchanged. Wealth remains a strategically important focus for the Westpac Group and our continued investment in BTIM sees us maintain a stake in asset management which is a key factor in having a strong and diversified wealth business."

Mr King said the sale is also important for BTIM shareholders.

"The transaction increases the proportion of BTIM's shares that are readily tradable, improving liquidity and helping facilitate inclusion in key equity indices," he said.

Westpac currently intends to retain a shareholding between 31% and 40%, with the CEO of BT Financial Group, Brad Cooper, remaining as a Non-Executive Director on the BTIM Board.

¹ Assuming a sell-down of 82 million BTIM shares and the expected unrealised fair value gain for Westpac's retained shares.

Overview of the Retail Offer

Under the Retail Offer, Westpac will offer eligible shareholders of Westpac and BTIM the opportunity to purchase either approximately \$5,000 or approximately \$10,000 worth of BTIM ordinary shares at an issue price equivalent to Institutional Offer price and without incurring brokerage and transaction costs. Total shares to be offered under the Retail Offer will be capped at 27 million shares (approximately 9% of BTIM's issued capital) and Westpac will reserve the right to scale back applications should it exceed this level.

A prospectus will be made available when the Retail Offer opens in the week commencing 22 June 2015. A copy of the prospectus will be lodged with ASIC and released on the ASX. Eligible BTIM and Westpac shareholders will be separately notified of the Retail Offer and should consider the prospectus in deciding whether to participate. Eligible shareholders wishing to apply can do so online or by completing the application form attached to the prospectus.

Details of the offer can also be found on the Offer website www.westpac.com.au/btimshareoffer. This site will also retain copies of other releases and the prospectus once it has been lodged.

The information in this announcement does not constitute financial advice and has not been prepared to take into account the specific objectives, financial circumstances or particular needs of any person. Eligible shareholders should consider contacting their professional adviser if they are unsure of whether they should participate in the Retail Offer.

Summary of key dates*

Retail Offer Record Date	7.00pm Sydney time, Thursday, 11 June 2015
Institutional Offer opens	Tuesday, 16 June 2015
Institutional Offer closes	Wednesday, 17 June 2015
BTIM shares recommence trading	Thursday, 18 June 2015
Retail Offer opens	Week Commencing, 22 June 2015
Retail Offer Document and application forms despatched to eligible shareholders	Week Commencing, 22 June 2015
Retail Offer closes	5.00pm Sydney time, Friday, 10 July 2015
Settlement of the Retail Offer	Thursday, 16 July 2015

*These dates are indicative only and subject to change

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This announcement contains forward-looking statements and information, including statements regarding the outcome of the Institutional Offer and the Retail Offer and their effect on Westpac. Such forward-looking statements are subject to risks, uncertainties, and assumptions. No assurance can be given that the transactions described herein will be consummated, the ultimate terms of any such transactions or their effect on Westpac. Westpac assumes no obligation to update or correct the information contained in this announcement, except as required by law.

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