Scheme under Part 9 of the *Life Insurance Act 1995* (Cth) for the transfer of the Life Business of

BT Life Limited ABN 29 003 773 680
to Westpac Life Insurance Services Limited ABN 31 003 149 157
1 Overview

(a) This is a scheme prepared pursuant to Part 9 of the Life Act and operates only on, and subject to, its confirmation by the Court (Scheme).

(b) This Scheme gives effect to a transfer deed between BT Life and Westpac Life entered into on or around 26 July 2011 (Transfer Deed) under which BT Life agreed to transfer the Life Business to Westpac Life, subject to confirmation by the Court of this Scheme and satisfaction of certain conditions. The Transfer Deed forms part of this Scheme.

(c) BT Life and Westpac Life are registered as life companies under the Life Act and are both incorporated in New South Wales. BT Australia Pty Ltd ABN 72 000 700 247 is the sole shareholder of BT Life. Westpac Financial Services Group Limited ABN 50 000 326 312 is the sole shareholder of Westpac Life. The ultimate parent company of both BT Life and Westpac Life is Westpac Banking Corporation ABN 33 007 457 141.

(d) The objective of this Scheme is to transfer the Life Business from BT Life to Westpac Life in circumstances where:

(1) no BT Life Policy Owners:

(A) will have the terms of their BT Life Policy altered or affected by the implementation of the Scheme, other than as specified in clause 3.10;

(B) will be adversely affected as a result of the Scheme or have reduced expectations in respect of benefits under their BT Life Policies;

(2) the security of the BT Life Policy Owners’ benefits will remain adequate;

(3) no Westpac Life Policy Owners:

(A) will have the terms of their Westpac Life Policy altered or affected by the implementation of the Scheme;

(B) will be adversely affected as a result of the Scheme or have reduced expectations in respect of benefits under their Westpac Life Policies; and

(4) the security of the Westpac Life Policy Owners’ benefits will remain adequate.

(e) This Scheme is based on the Actuarial Report prepared by the Appointed Actuary of both BT Life and Westpac Life. The Actuarial Report is attached to this Scheme as Annexure A.
2 Transfer

2.1 Effective Time
Subject to satisfaction of certain conditions precedent, this Scheme takes effect at close of business on 30 September 2011, or such other time as determined by the Court (Effective Time).

2.2 Transfer of the Life Business
At the Effective Time, the Life Business of BT Life is transferred to Westpac Life, and Westpac Life obtains and assumes all rights and benefits, and all obligations and liabilities of the Life Business on the basis set out in this Scheme.

2.3 Consequences of the transfer of the Life Business
Without limiting clause 2.2, the happenings and consequences set out in clauses 3 to 6 occur at and from the Effective Time unless otherwise stated.

2.4 Condition subsequent
In the event that condition 1.1(d)(2) of the Transfer Deed is not satisfied by the Effective Time then this Scheme has no further operation.

3 Consequences of the Transfer of the Life Business

3.1 Issuer of BT Life Policies
Westpac Life becomes the issuer of the BT Life Policies.

3.2 BT Life Policy Owners
(a) The BT Life Policy Owners cease to be BT Life Policy Owners and become Westpac Life Policy Owners.

(b) The rights and liabilities of the BT Life Policy Owners on the one hand and Westpac Life Policy Owners on the other hand shall be the same in all respects as they would have been if:

(1) the applications on which the BT Life Policies were based had been made to, or accepted by, Westpac Life instead of BT Life; and

(2) the BT Life Policies had originally been issued by Westpac Life instead of BT Life (subject to the variations set out in this Scheme).

3.3 Assumption of policy liabilities
Westpac Life assumes all liabilities and obligations of BT Life under, or in respect of, the BT Life Policies.

3.4 Release of policy liabilities
BT Life is released and discharged from all liabilities and obligations under, or in respect of, the BT Life Policies.
3.5 **Rights and benefits**

Westpac Life is entitled to all rights and benefits of BT Life under, or in respect of, the BT Life Policies, including:

(a) the right to receive any fees payable under, or in respect of, the BT Life Policies; and

(b) the right to enforce all rights and remedies available under the BT Life Policies in respect of any non-payment of such fees.

3.6 **Authorities**

All directions, authorities, mandates or instructions given to BT Life:

(a) to deduct fees payable in respect of the BT Life Policies (including by debiting a bank account, through automatic payroll deductions or through electronic bank transfer); or

(b) to disclose or obtain information in the course of carrying on the Life Business, are deemed to be given to Westpac Life instead of BT Life.

3.7 **Policy claims**

Any person having a claim on, or obligation to, BT Life under, or in respect of, a BT Life Policy has the same claim on, or obligation to, Westpac Life instead of BT Life, irrespective of when such claim or obligation arose.

3.8 **Proceedings**

Any proceedings in connection with a BT Life Policy that are pending, or that commence, whether by or against BT Life, in any court, tribunal or entity dealing with complaints, must be continued by, or against, Westpac Life instead of BT Life and must be amended to that effect.

3.9 **Contracts**

(a) Westpac Life, as the life company that is to assume the rights and liabilities in respect of the BT Life Policies, assumes the position of BT Life under all BT Life Contracts as if Westpac Life were the original party to those contracts in place of BT Life and, for all intents and purposes, stands in the same position as BT Life in respect of the BT Life Contracts. The BT Life Contracts will continue in full force and effect on this basis.

(b) Without limiting clause 3.9(a):

(1) Westpac Life assumes all rights, powers, privileges, and all liabilities and obligations, of BT Life under the BT Life Contracts, whenever occurring;

(2) Westpac Life assumes the position of BT Life under the BT Life Contracts in respect of any proceedings pending by, or against, BT Life in respect of the BT Life Contracts;

(3) all references to BT Life in a BT Life Contract shall be read as a reference to Westpac Life; and

(4) all references to BT Life Statutory Fund No. 4 shall be read as a reference to Westpac Life Statutory Fund No. 2.

(c) BT Life is released and discharged from all obligations and liabilities under the BT Life Contracts.
3.10 Consequences for BT Life Policies
   (a) All references to BT Life in a BT Life Policy are replaced with Westpac Life.
   (b) All references to BT Life Statutory Fund No. 4 in a BT Life Policy shall be read as a reference to Westpac Life Statutory Fund No. 2.
   (c) The terms and conditions of BT Life Policies will not otherwise change as a result of the Scheme.

3.11 Consequences for Westpac Life Policies
   The terms and conditions of Westpac Life Policies will not change as a result of the Scheme.

4 Effect of the Scheme on BT Life Statutory Fund No. 4

4.1 BT Life Policies
   Each BT Life Policy referable to BT Life Statutory Fund No. 4 becomes a Westpac Life Policy referable to Westpac Life Statutory Fund No. 2.

4.2 Scheme Assets
   The Scheme Assets become assets of Westpac Life Statutory Fund No. 2.

4.3 Scheme Liabilities
   The Scheme Liabilities become liabilities of Westpac Life Statutory Fund No. 2.

4.4 Shareholders’ Capital
   Any Shareholders’ Capital in relation to BT Life Statutory Fund No. 4 immediately prior to the Effective Time, becomes Shareholders’ Capital in relation to Westpac Life Statutory Fund No. 2.

4.5 Shareholders’ Retained Profits (Overseas and Non-Participating)
   Any Shareholders’ Retained Profits (Overseas and Non-Participating) in relation to BT Life Statutory Fund No. 4 immediately prior to the Effective Time, becomes Shareholders’ Retained Profits (Overseas and Non-Participating) in relation to Westpac Life Statutory Fund No. 2.

5 BT Life Shareholders’ Fund
   For the avoidance of doubt, the assets and liabilities of the BT Life Shareholders’ Fund immediately prior to the Effective Time will be retained by BT Life at and from the Effective Time.

6 Conduct of the Life Business at and from the Effective Time
   (a) Subject to clause 6(b) below, Westpac Life will not as a result of the Scheme change the manner in which the discretions under the BT Life Policies (the Policy Discretions) would have been exercised by BT Life immediately prior to the Effective Time.
(b) Westpac Life may review the way it exercises the Policy Discretions to ensure that the way in which they are exercised remains appropriate, and following such review, Westpac Life may alter the way it exercises the Policy Discretions in any manner which is consistent with its contractual and legal obligations.

7 Costs of the Scheme
All costs and expenses associated with the transfer of the Life Business of BT Life to Westpac Life will be paid by BT Financial Group and not by BT Life Policy Owners or Westpac Life Policy Owners.

8 Definitions
In this statement:

- Actuarial Report is the actuarial report prepared by Mr David Su;
- AIA means AIA Australia Limited ABN 79 004 837 861;
- AIA Policy means the Master Annuity Policy entered into on or about 3 February 2000 between BT Life and AIA;
- Appointed Actuary means Mr David Su, the appointed actuary of both BT Life and Westpac Life;
- APRA means the Australian Prudential Regulation Authority;
- BTFM means BT Funds Management Limited ABN 63 002 916 458, RSE Licence Number L0001090;
- BT Financial Group means BT Financial Group Pty Limited ABN 38 087 480 331;
- BT Life means BT Life Limited ABN 29 003 773 680;
- BT Life Contracts means all contracts entered into by BT Life in relation to the Life Business, including the AIA Policy;
- BT Life Policy Owner means an owner of a BT Life Policy;
- BT Life Policies means the CIP Policies and the FP Policy that are issued by BT Life and are referable to BT Life Statutory Fund No. 4;
- BT Life Shareholders’ Fund means the BT Life fund maintained separately from BT Life’s statutory funds, that holds the minimum amount of capital required by APRA to be held outside of BT Life’s statutory funds. The BT Life Shareholders’ Fund does not form part of the Life Business;
- BT Life Statutory Fund No. 4 means BT Life’s number 4 statutory fund that relates solely to the Life Business;
- CIP Policies means the term certain annuities issued by BT Life to policy owners under the BT Complying Income Plan product;
- Court means the Federal Court of Australia;
- Effective Time has the meaning given in clause 2.1;
- FP Policy means the allocated pension policy issued to BTFM in relation to the BT Lifetime – Flexible Pension product issued by BTFM as trustee of BT Lifetime Super (RSE Registration No. R1003864);
- Life Act means the *Life Insurance Act 1995* (Cth);
**Life Business** means all of the life insurance business of BT Life immediately prior to the Effective Time, including, without limitation, the Scheme Assets and the Scheme Liabilities. For the avoidance of doubt, Life Business does not include any assets or liabilities of the BT Life Shareholders’ Fund;

**life insurance business** has the same meaning as defined in the Life Act;

**Policy Discretions** has the meaning given in clause 6(a);

**Scheme** has the meaning given in clause 1(a).

**Scheme Assets** means all assets referable to the Life Business immediately prior to the Effective Time, including, without limitation:

(a) any assets supporting any Shareholders’ Capital or Shareholders Retained Profits (Overseas and Non-Participating) in relation to BT Life Statutory Fund No. 4 immediately prior to the Effective Time;

(b) any assets supporting the policy liabilities in respect of the BT Life Policies immediately prior to the Effective Time, including, but not limited to, the AIA Policy; and

(c) any assets supporting any other liabilities of BT Life Statutory Fund No. 4 immediately prior to the Effective Time.

For the avoidance of doubt, Scheme Assets does not include any assets of the BT Life Shareholders’ Fund;

**Scheme Liabilities** means all liabilities (actual and contingent) referable to the Life Business of BT Life immediately prior to the Effective Time, including, without limitation:

(a) any Shareholders’ Capital and Shareholders’ Retained Profits (Overseas and Non-Participating) in relation to BT Life Statutory Fund No. 4 immediately prior to the Effective Time;

(b) the policy liabilities in respect of the BT Life Policies immediately prior to the Effective Time; and

(b) any other liabilities of BT Life Statutory Fund No. 4 immediately prior to the Effective Time.

For the avoidance of doubt, Scheme Liabilities does not include any liabilities of the BT Life Shareholders’ Fund;

**Shareholders’ Capital** has the meaning given in section 61(1) of the Life Act;

**Shareholders’ Retained Profits (Overseas and Non-Participating)** has the meaning given in section 61(1) of the Life Act;

**Transfer Deed** has the meaning given in clause 1(b);

**Westpac Life** means Westpac Life Insurance Services Ltd ABN 31 003 149 157;

**Westpac Life Policy Owner** means an owner of a Westpac Life Policy;

**Westpac Life Policy** means a policy that is issued by Westpac Life and referable to Westpac Life Statutory Fund No. 2; and

**Westpac Life Statutory Fund No. 2** means Westpac Life’s number 2 statutory fund.

The above definitions importing the singular include the plural and vice versa.
Annexure A – Actuarial Report

[Attach]