

ASX and Media Release



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TASMANIAN PERPETUAL TRUSTEES and MYSTATE FINANCIAL PROPOSE MERGING INTO A SIGNIFICANT NEW FINANCIAL SERVICES GROUP

- Over 200,000 customers
- Annual Net Profits After Tax in excess of \$19M
 - Net Assets of \$154M
 - Deposits of \$1.2B
- Funds Under Management or Advice of \$2.2B
 - Loans Under Management of \$1.9B

The Boards of Tasmanian Perpetual Trustees Limited (TPTL, ASX: TPX), and MyState Financial Credit Union of Tasmania (MyState Financial) today announced they have unanimously agreed to recommend to their shareholders and members a merger proposal to form a fully integrated financial services Group ranked by market capitalisation in the top 300 Industrial Companies listed on the ASX.

The combined Group, to be called MyState Limited will have a market capitalisation of \$252M¹, net assets of \$154M² and net profits after tax in excess of \$19M³ providing a strong platform for growth into the future.

If approved by shareholders, members, regulators and the courts, MyState Limited will deliver significant benefits to shareholders, customers and the wider community. The combined Group will be positioned to deliver a greater range of products and services to existing customers and expand into new markets.

Tasmanian Perpetual Trustees Limited's Chairman, Dr Michael Vertigan AC, said the proposal provides a unique opportunity to grow the value of the combined business in line with the long held strategy to seek expansion through mergers and acquisitions.

"While each organisation is strong in its own right, together we will be even stronger and better positioned to continue to grow shareholder value by meeting the increasingly diverse needs of our customers and attracting a broader customer base," Dr Vertigan said.

¹ Based upon current share price

² Based upon 30 June 2008 figures

³ Based upon 30 June 2008 figures

The merger proposal would see MyState Financial members receive between 277 and 285 shares in MyState Limited, with a value of \$1163-\$1197⁴.

MyState Financial Chairman, Mr Tony Reidy, said the proposal would create a fully integrated financial services Group with enhanced balance sheet strength and an excellent platform upon which to expand and grow.

“This is an opportunity for our members to participate in the creation of something significant for Tasmania and to share in the returns from our future growth and success,” he said.

The proposal will:

- be earnings per share accretive in year one and strongly accretive thereafter;
- provide capacity to deliver a greater range of product and services;
- position MyState Limited to take advantage of opportunities to expand into existing and new markets;
- achieve savings through cost synergies, including likely redundancies of around 30 duplicated roles, primarily at senior management and executive levels;
- ensure existing services are continued in all areas; and
- maintain the existing MyState Financial and Tasmanian Perpetual Trustees brands.

As part of the proposal, the Tasmanian Government has been asked to introduce legislation to amend the Trustee Companies Act 1953, to accommodate the proposed new ownership structure whilst retaining the current 10% ownership limit. This will enable the Group to continue to deliver to the highest standards of professionalism and integrity, vital trustee and executor services for all Tasmanians, as has been done for over 120 years.

The Boards of both businesses last night concluded non-binding discussions and entered into a Merger Implementation Agreement⁵ to effect the transaction.

Separate meetings of MyState Financial members and TPTL shareholders will be held to allow members and shareholders to each vote on a Scheme of Arrangement that would enable the merger to take place.

In both cases, a majority in number of shareholders and at least 75% of votes cast must vote in favour, if the Schemes of Arrangement are to proceed, pending Supreme Court approval.

⁴ Based on 130,000-134,000 eligible MyState Financial members, and TPX share price of \$4.20 at close of trading Tuesday 7 October.

⁵ The key terms and conditions of the agreement (including the conditions which must be satisfied before the transaction will proceed) are summarised in an attachment to this announcement.

The terms of the Schemes of Arrangement and the merger process will be set out in Explanatory Booklets, which will include Independent Expert Reports. Notices of Meetings are expected to be distributed to shareholders and members in February 2009.

Subject to the results of its due diligence investigations, the TPTL Board unanimously supports the transaction and recommends the approval of the transaction in the absence of a more favourable proposal or an opinion from an independent expert to the effect that the transaction is not in the best interests of TPTL shareholders. Each member of the TPTL Board with a relevant interest in TPTL shares intends to vote those shares in favour of the resolutions relating to the transaction.

Similarly, subject to the results of its due diligence investigations, the MyState Financial Board unanimously supports the proposal and recommends the approval of the transaction. In the absence of a more favourable proposal or an opinion from an independent expert to the effect that the proposed transaction is not in the best interests of MyState Financial members. Each member of the MyState Financial Board with a relevant interest in MyState Financial shares intends to vote those shares in favour of the resolutions relating to the transaction.

While the timings of other key events have not been finalised, the following dates are indicative:

- Meetings of shareholders and members to approve respective Schemes of Arrangement – April - May 2009
- Final Supreme Court hearing to approve Scheme – May 2009
- Commencement date – June 2009

Further information can be found on the Tasmanian Perpetual Trustees Limited website at www.tasmanianperpetual.com.au and also on MyState Financial's website at mystate.com.au

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About MyState Financial:

MyState Financial was formed on 1 July 2007, creating the largest Tasmanian-owned financial institution. MyState Financial offers a range of products, services and financial advice to more than 130,000 members through a network of Branches in 12 locations across Tasmania. MyState Financial has 310 full time equivalent staff, assets in excess of \$1.8 billion, funds under advice of \$300 million and \$1.2 billion in deposits.

About Tasmanian Perpetual Trustees Limited:

Tasmanian Perpetual Trustees Limited is a listed public company established in 1887 and is the only private Trustee Company authorised to operate in Tasmania. The Company provides to individuals and corporate clients a broad range of financial services including financial and estate planning, managed investments, lending and traditional trustees and executor services. The company services some 100,000 customers, has funds under management of over \$1.2 billion, assets under advice of around \$686 million and rural and commercial loans in excess of \$400 million. Tasmanian Perpetual Trustees has 100 full time equivalent staff operating from nine branches across Tasmania.