

Westpac Capital Notes 3 are being offered in Australia only. The restrictions which apply in relation to the Offer in certain foreign jurisdictions are set out in the Prospectus. This announcement does not constitute an offer of securities for sale in the United States, and the Westpac Capital Notes 3 may not be offered or sold in the United States.

ASX ANNOUNCEMENT

27 July 2015

WESTPAC LAUNCHES WESTPAC CAPITAL NOTES 3 OFFER

Westpac Banking Corporation (“**Westpac**”) today announced the Offer of Westpac Capital Notes 3 (“**Notes**”), which are expected to be quoted on the ASX.

The Notes are being offered with an Issue Price of \$100 each, to raise approximately \$750 million, with the ability to raise more or less.

The Notes will qualify as Additional Tier 1 Capital under the Australian Prudential Regulation Authority’s (“**APRA**”) Basel III capital adequacy framework and will further strengthen the Group’s overall capital position. The proceeds received under the Offer will be used by Westpac for general business purposes.

Details of the Offer

The Offer is expected to open on 6 August 2015 and consists of:

- a Securityholder Offer – to Australian resident holders of Westpac Ordinary Shares, Westpac TPS, Westpac CPS, Westpac Subordinated Notes 2012, Westpac Subordinated Notes 2013, Westpac Capital Notes and/or Westpac Capital Notes 2, on the respective registers at 7.00pm (Sydney time) on 20 July 2015 (“**Eligible Securityholders**”);
- a Broker Firm Offer – to Australian resident retail clients of the Syndicate Brokers; and
- an Institutional Offer – to Institutional Investors invited by Westpac Institutional Bank.

There is no general public offer.

The Closing Date for the Securityholder Offer is expected to be 5.00pm (Sydney time) on 1 September 2015 and the Closing Date for the Broker Firm Offer is expected to be 10.00am (Sydney time) on 7 September 2015.

Key Features of Westpac Capital Notes 3

Issuer	Westpac Banking Corporation, through its London branch.
Distributions	<p>Non-cumulative floating rate Distributions, paid quarterly in arrear, beginning on 22 December 2015. Distributions are expected to be fully franked.</p> <p>Distributions are subject to the satisfaction of the Distribution Payment Conditions, which include that Distributions are at Westpac’s absolute discretion.</p> <p>The Distribution Rate is determined quarterly as the sum of the 90 day Bank Bill Rate per annum plus a fixed Margin per annum, together multiplied by (1 - Tax Rate).</p> <p>The Margin is expected to be in the range of 4.00% to 4.20% per annum and will be determined under the Bookbuild.</p>

Term	Perpetual with no fixed maturity date. However, Notes may be Converted, Redeemed or Transferred as set out below.
Scheduled Conversion	Scheduled to Convert into Ordinary Shares on 22 March 2023 (subject to the Scheduled Conversion Conditions being satisfied).
Optional Conversion/ Redemption/ Transfer	Notes may, at Westpac's option, be Converted (subject to certain conditions), Redeemed (if APRA gives its prior written approval) or Transferred: - on 22 March 2021 (in respect of some or all Notes); or - following a Tax Event or Regulatory Event (in respect of all Notes).
Capital or Non-Viability Trigger Events	Westpac must Convert some or all of the Notes into Ordinary Shares immediately upon a Capital Trigger Event or a Non-Viability Trigger Event. The number of Ordinary Shares that Holders receive in these circumstances is limited to a maximum number (as required by APRA) and Holders may suffer loss as a consequence. If Conversion does not occur for any reason, all rights attaching to the Notes will be terminated and the investment will lose all of its value.
Acquisition Event	Westpac must Convert all of the Notes following an Acquisition Event, subject to certain conditions.
Holdings' right to request early Conversion/ Redemption/ Transfer	Holdings have no right to request Conversion, Redemption or Transfer for any reason. To realise their investment, Holdings may sell their Notes on the ASX at the prevailing market price.
Risks	<p>The Notes are not deposit liabilities or protected accounts of Westpac for the purposes of the Banking Act or Financial Claims Scheme and are not subject to the depositor protection provisions of Australian banking legislation (including the Australian Government guarantee of certain bank deposits). Therefore, the Notes will not be guaranteed or insured by any Australian government, government agency or compensation scheme of Australia or any other jurisdiction.</p> <p>There are risks associated with an investment in the Notes, many of which are outside the control of Westpac. These risks and uncertainties include those referred to in the Prospectus, but may not be the only ones Westpac faces.</p>

How to obtain a Prospectus and Apply

The Prospectus for the Offer was lodged with ASIC and released to the market on the ASX today and is also available at www.westpac.com.au/westpaccapnotes3. This Prospectus does not yet contain the Margin. Application Forms and a replacement Prospectus containing the Margin will be available when the Offer opens.

- Eligible Securityholders may view the Prospectus and apply online using their SRN/HIN at www.westpac.com.au/westpaccapnotes3. Alternatively, Eligible Securityholders may request a Prospectus and personalised Securityholder Application Form either online or by calling the Information Line (Monday to Friday, 8.30am to 5.30pm, Sydney time) on **1300 206 701**.
- Broker Firm Applicants should contact their Syndicate Broker for instructions on how to obtain a copy of the Prospectus and apply.

Full details of the Offer, including who is eligible to apply and how to make an Application, are contained in the Prospectus. Investors should read the Prospectus in full before deciding to apply for Notes.

For more information about the Offer

- Visit the Offer website at www.westpac.com.au/westpaccapnotes3;
- Call the Westpac Capital Notes 3 Information Line (Monday to Friday, 8.30am to 5.30pm, Sydney time) on **1300 206 701** (local call cost within Australia); or
- Consult your financial adviser or other professional adviser.

Unless otherwise defined, capitalised expressions used in this announcement have the meanings given to them in the Prospectus.

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Key Dates for Westpac Capital Notes 3

Record date for determining Eligible Securityholders (7.00pm Sydney time)	20 July 2015
Announcement of Offer and lodgement of the Prospectus with ASIC	27 July 2015
Bookbuild	5 August 2015
Announcement of Margin	5 August 2015
Lodgement of replacement Prospectus with ASIC (which will include the Margin)	6 August 2015
Opening Date	6 August 2015
Closing Date for the Securityholder Offer (5.00pm Sydney time)	1 September 2015
Closing Date for the Broker Firm Offer (10.00am Sydney time)	7 September 2015
Issue Date of Notes	8 September 2015
Commencement of deferred settlement trading	9 September 2015
Holding Statements dispatched by	14 September 2015
Commencement of normal settlement trading	15 September 2015
First Distribution Payment Date ¹	22 December 2015
Option for Westpac to Convert, Redeem ² or Transfer the Notes	22 March 2021
Scheduled Conversion Date ³	22 March 2023

These dates are indicative only and may change without notice. Westpac and the Joint Lead Managers may, in their absolute discretion, close the Offer early or extend the Offer Period without notice. Westpac may also withdraw the Offer at any time before the Notes are issued.

¹ Subject to satisfaction of the Distribution Payment Conditions.

² There can be no certainty that APRA will provide its prior written approval for any such Redemption.

³ Conversion of the Notes to Ordinary Shares on this date is subject to the satisfaction of the Scheduled Conversion Conditions.