

12 August 2015

Market Announcements Office
ASX Limited
20 Bridge Street
Sydney NSW 2000

By e-lodgement

ASX Code: WBC

Dear Sir / Madam

Westpac Banking Corporation (“Westpac”) – issue of SGD325,000,000 Subordinated Instruments (“Tier 2 Subordinated Instruments”)

Notice under section 708A(12G)(e) of the Corporations Act 2001 (Cth) (“Act”) as inserted by ASIC Relief Instrument 15-0632

1. Westpac will issue the Tier 2 Subordinated Instruments today. Offers of the Tier 2 Subordinated Instruments do not require disclosure to investors under Part 6D.2 of the Act.
2. The terms and conditions of the Tier 2 Subordinated Instruments (“**Conditions**”) are set out on pages 42 to 107 of the Information Memorandum relating to Westpac’s U.S.\$70,000,000,000 Euro Medium Term Note Programme for the Issuance of Debt Instruments dated 14 November 2014 (“**Information Memorandum**”), as supplemented by the Pricing Supplement dated 6 August 2015, the form of which is attached to this notice as Annex A (“**Pricing Supplement**”). The Information Memorandum was released to the Australian Securities Exchange (“**ASX**”) on 17 November 2014 and may be viewed on www.asx.com.au.
3. The Tier 2 Subordinated Instruments will be treated as Tier 2 regulatory capital under the Basel III capital adequacy framework as implemented in Australia by the Australian Prudential Regulation Authority (“**APRA**”).
4. If APRA determines that Westpac is or would become non-viable, the Tier 2 Subordinated Instruments may be:
 - (a) Converted into fully paid ordinary shares in the capital of Westpac; or
 - (b) immediately and irrevocably Written-off (and rights attaching to the Tier 2 Subordinated Instruments terminated) if for any reason Conversion does not occur within five ASX Business Days of APRA notifying Westpac of the determination,in accordance with the Conditions.
5. In order to enable ordinary shares in the capital of Westpac issued on Conversion to be sold without disclosure under Chapter 6D of the Act, Westpac has elected to give this notice under section 708A(12G)(e) of the Act as inserted by ASIC Relief Instrument 15-0632. The Conditions and the information in the attached Schedule are included in, and form part of, this notice.
6. Westpac confirms that:
 - (a) the information in this notice remains current as at today’s date;

- (b) this notice complies with section 708A of the Act, as notionally modified by ASIC Class Orders [CO 08/35] and [CO 10/322], and further modified by ASIC Relief Instrument 15-0632; and
 - (c) this notice complies with the content requirements of section 708A(12H) of the Act as inserted by ASIC Relief Instrument 15-0632.
7. Unless otherwise defined, capitalised expressions used in this notice have the meanings given to them in the Information Memorandum or Pricing Supplement.

Yours faithfully,

Tim Hartin
Company Secretary
Westpac Banking Corporation

NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES

This market announcement does not constitute an offer to sell or the solicitation of an offer to buy any securities in the United States or any other jurisdiction. The securities offered have not been and will not be registered under the U.S. Securities Act of 1933, as amended, and may not be offered or sold in the United States or to, or for the account or benefit of, U.S. persons absent registration or an applicable exemption from registration.

SCHEDULE

A. Effect on Westpac of the offer of the Tier 2 Subordinated Instruments

The issuance of the Tier 2 Subordinated Instruments raises Tier 2 regulatory capital to satisfy Westpac's regulatory requirements and maintain the diversity of Westpac's sources and types of capital funding.

The proceeds from the issue of the Tier 2 Subordinated Instruments will be used for general business purposes. Those proceeds, less the costs of the issue, will be classified as loan capital in the financial statements of Westpac. The issue of the Tier 2 Subordinated Instruments will not have a material impact on Westpac's financial position.

The proceeds of the issue, less the costs of the issue, will increase Westpac's total capital ratio on a Level 2 basis by 0.1%.

B. Rights and liabilities attaching to the Tier 2 Subordinated Instruments

The rights and liabilities attaching to the Tier 2 Subordinated Instruments are set out in the Conditions as supplemented by the Pricing Supplement.

C. Effect on Westpac of the issue of the ordinary shares if the Tier 2 Subordinated Instruments are required to be Converted¹

A key feature of APRA's requirements for Tier 2 regulatory capital instruments is that they absorb losses at the point of non-viability of the issuer. The Conditions include provisions that require the Tier 2 Subordinated Instruments to be Converted into ordinary shares in the capital of Westpac or Written-off on the occurrence of a Non-Viability Trigger Event. A Non-Viability Trigger Event will occur when APRA notifies Westpac in writing that it believes that relevant non-viability circumstances (as described in the definition of "Non-Viability Trigger Event" in the Conditions) subsist, which could occur at any time.

If a Non-Viability Trigger Event occurs and Westpac Converts the Tier 2 Subordinated Instruments and issues ordinary shares to Holders, the effect of Conversion on Westpac would be to reduce loan capital by the principal amount of the Tier 2 Subordinated Instruments being converted and increase Westpac's shareholders' equity (ordinary share capital) by a corresponding amount. APRA has indicated that at this time it will not provide guidance as to how it would determine non-viability. Non-viability could be expected to include serious impairment of Westpac's financial position, concerns about its capital, funding or liquidity levels and/or insolvency.

The number of ordinary shares issued on Conversion is variable, but is limited to the Maximum Conversion Number. Limiting the number of ordinary shares which may be issued to the Maximum Conversion Number means that Holders may receive a number of ordinary shares that have a market value that is significantly less than the principal amount of the Tier 2 Subordinated Instruments.

The Maximum Conversion Number is calculated based on a VWAP set to reflect 20% of the Issue Date VWAP. The Maximum Conversion Number may be adjusted to reflect a consolidation, division or reclassification or pro rata bonus issue, of ordinary shares. However, no adjustment will be made to it on account of other transactions which may affect the price of ordinary shares, including for example, rights issues, returns of capital, buy-backs or special dividends.

The Maximum Conversion Number is 36,083.0340 Westpac ordinary shares per Tier 2 Subordinated Instrument (with a nominal value of SGD250,000), based on the Issue Date VWAP of \$34.08. If Conversion of any Tier 2 Subordinated Instruments does not occur for any reason within five ASX Business Days after the occurrence of the Non-Viability Trigger Event, the Tier 2 Subordinated Instruments will be Written-off, and all corresponding rights and claims of Holders under the Conditions (including to payments of interest, the repayment of principal and Conversion into Ordinary Shares) will be immediately and irrevocably terminated, with effect on and from the Non-Viability Trigger Event Date and investors will lose all or some of their investment.

¹ If, in accordance with the Conditions, Westpac is replaced by an Approved Successor as debtor of the Tier 2 Subordinated Instruments and the issuer of ordinary shares, Tier 2 Subordinated Instruments may be converted into fully paid ordinary shares in the capital of an Approved Successor in accordance with the Conditions. This notice also enables ordinary shares in the capital of an Approved Successor which is a NOHC (as defined in ASIC Relief Instrument 15-0632) issued on Conversion to be sold without disclosure under Chapter 6D of the Act. Refer to the Conditions and ASIC Relief Instrument 15-0632 for further information.

D. Rights and liabilities attaching to the ordinary shares in the capital of Westpac

Westpac was registered on 23 August 2002 as a public company limited by shares under the Act. Westpac's constitution was most recently amended at the general meeting held on 13 December 2012 ("**Constitution**", as amended from time to time). The ordinary shares in the capital of Westpac are admitted to trading on ASX. The rights attaching to the ordinary shares in the capital of Westpac are set out in the Act and the Constitution.

In addition, the rights and liabilities attaching to the ordinary shares in the capital of Westpac are described on pages 302 to 303 of the 2014 Westpac Group Annual Report². The Annual Report was released to ASX on 12 November 2014 and may be viewed at www.asx.com.au, and is also available on the Westpac website at www.westpac.com.au/investorcentre.

E. Additional information

Information about the Tier 2 Subordinated Instruments is contained in the Information Memorandum and the Pricing Supplement.

Westpac is a disclosing entity for the purposes of the Act and, as a result, is subject to regular reporting and disclosure obligations under the Act and the ASX Listing Rules. In addition, Westpac must notify ASX immediately (subject to certain exceptions) if it becomes aware of information about Westpac that a reasonable person would expect to have a material effect on the price or value of its listed securities, including ordinary shares in the capital of Westpac.

Copies of documents lodged with the Australian Securities and Investments Commission ("**ASIC**") can be obtained from, or inspected at, an ASIC office and Westpac's ASX announcements may be viewed on www.asx.com.au.

Any person has the right to obtain copies of:

- Westpac's half-yearly and annual financial reports; and
- any continuous disclosure notices given by Westpac after the lodgement of the 2014 Westpac Group Annual Report, but before the date of this notice,

from www.westpac.com.au/investorcentre, or by request made in writing to Westpac at:

Westpac Group Secretariat
Level 20
Westpac Place
275 Kent Street
Sydney NSW 2000.

² If, in accordance with the Conditions, Westpac is replaced by an Approved Successor as debtor of the Tier 2 Subordinated Instruments and the issuer of ordinary shares, then on Conversion Holders will be issued with fully paid ordinary shares in the capital of the Approved Successor.

ANNEX A

Form of Pricing Supplement dated 6 August 2015

THIS PRICING SUPPLEMENT HAS BEEN ISSUED IN RESPECT OF NOTES WHICH ARE NOT ADMITTED TO THE OFFICIAL LIST OF THE FINANCIAL CONDUCT AUTHORITY OR TO ANY OTHER EUROPEAN ECONOMIC AREA REGULATED MARKET OR OFFERED TO THE PUBLIC IN THE EUROPEAN ECONOMIC AREA FOR THE PURPOSES OF THE PROSPECTUS DIRECTIVE. THE PRICING SUPPLEMENT HAS NOT BEEN REVIEWED OR APPROVED BY THE UK LISTING AUTHORITY AND DOES NOT CONSTITUTE A PROSPECTUS FOR THE PURPOSES OF THE PROSPECTUS DIRECTIVE.

PRICING SUPPLEMENT

Series No.: 1198

Tranche No.: 1

WESTPAC BANKING CORPORATION ABN 33 007 457 141

Programme for the Issuance of Debt Instruments

Issue of

SGD325,000,000

Fixed Rate Subordinated Instruments due August 2027

by Westpac Banking Corporation

This document constitutes the Pricing Supplement relating to the issue of Subordinated Instruments described herein. Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions (the “**Conditions**”) set forth in the Information Memorandum dated 14 November 2014 (the “**Information Memorandum**”) (as supplemented by the information memorandum dated 6 August 2015) (together, the “**Wrap Information Memorandum**”). This Pricing Supplement must be read in conjunction with the Wrap Information Memorandum.

Full information on the Issuer and the Subordinated Instruments described herein is only available on the basis of a combination of this Pricing Supplement and the Wrap Information Memorandum. The Wrap Information Memorandum is available for viewing at Camomile Court, 23 Camomile Street, London EC3A 7LL, United Kingdom and copies may be obtained from the Specified Offices of the Paying Agents.

Where interest, discount income, prepayment fee, redemption premium or break cost is derived from any of the Subordinated Instruments by any person who (i) is not resident in Singapore and (ii) carries on any operations in Singapore through a permanent establishment in Singapore, the tax exemption available for qualifying debt securities (if applicable and subject to certain conditions) under the Income Tax Act, Chapter 134 of Singapore (the “**ITA**”), shall not apply if such person acquires such Subordinated Instruments using the funds and profits of such person’s operations through a permanent establishment in Singapore. Any person whose interest, discount income, prepayment fee, redemption premium or break cost derived from the Subordinated Instruments is not exempt from tax (including for the reasons described above) shall include such income in a return of income made under the ITA.

Part A: Contractual Terms

The Subordinated Instruments being purchased have the following terms:

- | | | | |
|---|--------------------------------------|---|---|
| 1 | Issuer | : | Westpac Banking Corporation, acting through its head office |
| 2 | Date of Board Approval of the Issuer | : | Not applicable, save as discussed in Section 2 of the "General Information" section of the Information Memorandum |
| 3 | Status | : | Subordinated |

The primary method of loss absorption is Conversion, subject to possible Write-off in accordance with Condition 5.3

For the purposes of:

- Condition 6.1, the formula to be used for calculating the Conversion Number, P is 0.99;
- Condition 6.10(b), the Clearing System Cut-off Date is 10 Business Days prior to the Non-Viability Trigger Event Date.

- | | | | |
|----|---|---|--|
| 4 | Specified Currency: | | |
| | (i) of denomination | : | Singapore Dollars (" SGD ") |
| | (ii) of payment | : | SGD |
| 5 | Aggregate Principal Amount of Tranche | : | SGD325,000,000 |
| 6 | If interchangeable with existing Series, Series No. | : | Not applicable |
| 7 | Issue Date | : | 12 August 2015 |
| 8 | Interest Commencement Date | : | Issue Date |
| 9 | Issue Price | : | 100 per cent. of the Aggregate Principal Amount of Tranche |
| 10 | Maturity Date | : | 12 August 2027, subject to adjustment in accordance with the Business Day Convention specified at paragraph 16(ix) |
| 11 | Total Expenses related to admission to trading | : | Approximately SGD5,100 in respect of admission to trading |

12	Form of Subordinated Instruments	: Bearer
	(i) Initially represented by a Temporary Global Instrument or Permanent Global Instrument	: Temporary Global Instrument
	(ii) Temporary Global Instrument exchangeable for a Permanent Global Instrument or for Definitive Instruments	: Yes. The Exchange Date shall be no earlier than 40 days after the Issue Date
	(iii) Permanent Global Instrument exchangeable at the option of the bearer for Definitive Instruments	: No. Permanent Global Instruments are only exchangeable for Definitive Instruments in the limited circumstances set out in Condition 2.5(a) and (b)
	(iv) Talons for future Coupons to be attached to Definitive Instruments	: Not applicable
	(v) Receipts to be attached to Instalment Instruments which are Definitive Instruments	: Not applicable
13	Denomination	: SGD250,000
14	Type of Subordinated Instrument(s)	: Fixed Rate Subordinated Instruments
15	Interest	: 4.00 per cent. Fixed Rate (single reset) (further particulars specified below)
16	Fixed Rate Subordinated Instruments	: Applicable
	(i) Fixed Coupon Amount	: Not applicable
	(ii) Interest Rate	: 4.00 per cent. per annum payable semi-annually in arrear for the period from (and including) the Issue Date up to (but excluding) the Interest Payment Date falling in August 2022 (the “ First Optional Redemption Date ”). If the Subordinated Instruments have not been redeemed, purchased, cancelled, Written-Off or Converted by the Issuer on the First Optional Redemption Date, the interest, payable semi-annually in arrear for the period from, and including, the First Optional Redemption Date to, but excluding, the Maturity Date shall be

reset to a fixed rate per annum equal to:

- the prevailing five-year SGD swap offer rate appearing on the Relevant Screen Page, as determined by the Calculation Agent at the close of market (Singapore time) on the Reset Determination Date; plus
- the Spread.

If swap rates do not appear on the Relevant Screen Page, the five-year SGD swap offer rate shall instead be determined by the Calculation Agent on the basis of (i) quotations provided by the principal office of each of four major banks in the SGD swap market of the rates at which swaps in SGD are offered by it at the close of market (Singapore time) on the Reset Determination Date to participants in the SGD swap market for a five year period and (ii) the arithmetic mean expressed as a percentage and rounded, if necessary, to the nearest 0.001 per cent. (0.0005 per cent. being rounded upwards of such quotations).

“Relevant Screen Page” means Bloomberg page SDSW5 CMPN Curncy (or such other page as may replace such page on that service, or such other page as may be determined by the Calculation Agent for purposes of displaying comparable rates).

“Reset Business Day” means a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in Singapore and Sydney.

“Reset Determination Date” means the second Reset Business Day immediately preceding the First Optional Redemption Date.

“Spread” means 1.54 per cent. per annum, being the difference between the Interest Rate on the Trade Date and the seven-year SGD swap offer rate of 2.4600 per cent. appearing on Bloomberg page SDSW7 TPRA Curncy (or such other page as may replace such page on that service) at the

time of pricing on the Trade Date.

“Trade Date” means 4 August 2015.

(iii) Interest Commencement Date (if not Issue Date)	:	Issue Date
(iv) Interest Payment Date(s)	:	12 August and 12 February in each year commencing on 12 February 2016 up to (and including) the Maturity Date, subject to adjustment in accordance with the Business Day Convention specified at paragraph 16(ix) below
(v) Interest Period End Date(s)	:	12 August and 12 February in each year commencing on and including 12 February 2016 up to and including 12 August 2027
(vi) Day Count Fraction	:	Actual/365 (Fixed)
(vii) Broken Amount	:	Not applicable
(viii) Determination Date	:	Not applicable
(ix) Applicable Business Day Convention	:	
- for Interest Payment Dates:		Following Business Day Convention
- for Interest Period End Dates:		No Adjustment
- for Maturity Date:		Following Business Day Convention
- any other date:		No Adjustment
(x) Additional Business Centre(s)	:	New York, Singapore, Sydney, London
(xi) Accrual Feature	:	Not applicable
17 Floating Rate Subordinated Instruments	:	Not applicable
18 Zero Coupon Subordinated Instruments	:	Not applicable
19 Dates for payment of Instalment Amounts (Instalment Instruments)	:	Not applicable
20 Final Redemption Amount of each Subordinated Instrument	:	SGD250,000 per Calculation Amount
21 Instalment Amounts	:	Not applicable
22 Early Redemption at the option of the Issuer (Call)	:	Condition 8.3 is applicable, but only in respect of the Interest Payment Date scheduled to fall in August 2022 and each Interest Payment Date falling thereafter

	(i) Early Redemption Date (Call)	: Interest Payment Date scheduled to fall in August 2022 and each Interest Payment Date falling thereafter
	(ii) Early Redemption Amount (Call) of each Subordinated Instrument	: SGD250,000 per Calculation Amount
	(iii) Series redeemable in part	: Not applicable
	(iv) Notice period(s)	: As set out in Condition 8.8
	(v) Specify any additional conditions to exercise of the call option	: Not applicable
23	Early Redemption (Adverse Tax Event)	Condition 8.4 is applicable
	(i) Early Redemption Amount (Adverse Tax Event) of each Subordinated Instrument	: SGD250,000 per Calculation Amount
	(ii) Series redeemable in part	: Not applicable
	(iii) Notice period(s)	: As set out in Condition 8.8
	(iv) Specify any additional conditions to exercise of option	: Not applicable
24	Early Redemption (Regulatory Event)	Condition 8.5 is applicable
	(i) Early Redemption Amount (Regulatory Event) of each Subordinated Instrument	: SGD250,000 per Calculation Amount
	(ii) Series redeemable in part	: Not applicable
	(iii) Notice period(s)	: As set out in Condition 8.8
	(iv) Specify any additional conditions to exercise of option	: Not applicable
25	Early Termination (Event of Default)	: Applicable
	Early Termination Amount	: SGD250,000 per Calculation Amount
26	Redemption of Zero Coupon Subordinated Instruments	: Not applicable
27	Taxation	: Condition 10.1 is applicable
28	Other terms and conditions	: Not applicable

29	Lead Managers	: The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch Standard Chartered Bank Westpac Banking Corporation, Singapore Branch
30	Relevant Dealers	: Lead Managers United Overseas Bank Limited as Co-Manager
31	Paying Agent(s)	: As set out in the Information Memorandum
32	Calculation Agent	: Fiscal Agent
33	Commissions Payable	: Applicable
34	Notices	: Condition 16 applies
35	U.S. selling restrictions	: Regulation S Category 2 restrictions apply to the Subordinated Instruments Not Rule 144A eligible TEFRA D Rules apply to the Subordinated Instruments

Part B: Other Information

1. **Listing** : Application will be made for official quotation of the Subordinated Instruments on the Australian Securities Exchange's wholesale Interest Rate Securities Market
2. **Ratings** : [●]
3. **Interests of natural and legal persons involved in the issue** : Save as discussed in the "Subscription and Sale" section of the Information Memorandum, so far as the Issuer is aware, no person involved in the offer of the Subordinated Instruments has an interest material to the offer.
4. **Operational Information**
 - (i) ISIN : XS1273972957
 - (ii) Common Code : 127397295
 - (iii) Common Depository/Lodging Agent : The Bank of New York Mellon
 - (iv) Any Clearing System other than Euroclear and Clearstream : Not applicable
 - (v) CMU Service Instrument Number: Not applicable
 - (vi) Settlement procedures Customary medium term note settlement and payment procedures apply
5. **Other**
 - (i) Distribution of Information Memorandum : See pages 1 to 4 and the "Subscription and Sale" section of the Information Memorandum
 - (ii) Other selling restrictions : See pages 149 to 159 of the Information Memorandum
 - (iii) Stabilisation Manager : Not applicable
 - (iv) Other amendments : The "Terms and Conditions of the Subordinated Instruments" contained in the Information Memorandum are amended as set out in Schedule 1.
 - (v) Additional disclosure : Refer to Schedule 2.

SCHEDULE 1

1. Condition 5.1(a) is deleted and replaced with the following:

5.1

- (a) If a Non-Viability Trigger Event occurs, the Issuer must:
- (i) subject to Condition 5.3, Convert; or
 - (ii) if the Pricing Supplement specifies that the primary method of loss absorption will be Write-off without Conversion in accordance with Condition 5.3, Write-off:

all Subordinated Instruments or, if paragraph (a) of the definition of "Non-Viability Trigger Event" applies, some Subordinated Instruments (or a percentage of the Outstanding Principal Amount of each Subordinated Instrument), subject to Condition 5.1(b), as is equal (following any conversion or write down of Relevant Securities as referred to in Condition 5.1(b)) to the aggregate face value or outstanding principal amount of Relevant Securities which APRA has notified the Issuer must be converted, written-off or written-down (or, if APRA has not so notified the Issuer, all or some Subordinated Instruments (or a percentage of the Outstanding Principal Amount of each Subordinated Instrument) as is necessary to satisfy APRA that the Issuer will no longer be non-viable).

2. Condition 5.1(c) is deleted and replaced with the following:

- (c) If a Non-Viability Trigger Event occurs:
- (i) the Subordinated Instruments or the percentage of the Outstanding Principal Amount of each Subordinated Instrument determined in accordance with Conditions 5.1(a) and (b), shall be Converted or Written-off immediately upon the occurrence of the Non-Viability Trigger Event in accordance with Conditions 5.2 and 6. The Conversion or Write-off will be irrevocable;
 - (ii) the Issuer must give notice to Holders in accordance with Condition 16 and the ASX as soon as practicable that a Non-Viability Trigger Event has occurred and that Conversion or Write-off has occurred on the Non-Viability Trigger Event Date in accordance with Condition 16;
 - (iii) the notice must specify (A) the date on which Conversion or Write-off occurred (Non-Viability Trigger Event Date) and the Subordinated Instruments or percentage of the Outstanding Principal Amount of each Subordinated Instrument which was Converted or, if Condition 5.3 is applicable, Written-off, and (B) details of the Relevant Securities converted, written-off or written down in accordance with Condition 5.1(b); and
 - (iv) in the case of Conversion, the notice must specify the details of the Conversion process, including any details which were taken into account in relation to the

effect on marketable parcels and whole numbers of Ordinary Shares, and the impact on any Subordinated Instruments remaining on issue.

Failure to undertake any of the steps in Conditions 5.1(c)(ii) to (iv) does not prevent, invalidate or otherwise impede Conversion or Write-off.

3. Condition 5.2 is deleted and replaced with the following:

5.2 If a Non-Viability Trigger Event has occurred and all or some Subordinated Instruments are (or a percentage of the Outstanding Principal Amount of each Subordinated Instrument is) required to be Converted or Written-off in accordance with Condition 5.1, then

- (a) Conversion or Write-off of such Subordinated Instruments or percentage of the Outstanding Principal Amount of each Subordinated Instrument will occur in accordance with Condition 5.1 and, if applicable Condition 5.3, immediately upon the Non-Viability Trigger Event Date;
- (b) in the case of Conversion and subject to Condition 6.10, a Holder will be entitled to (i) the Conversion Number of Ordinary Shares in respect of such Subordinated Instruments or percentage of the Outstanding Principal Amount of each Subordinated Instrument in accordance with Condition 6.1, and (ii) unless the Subordinated Instruments shall have been Written-off in full, to Subordinated Instruments with an Outstanding Principal Amount equal to the aggregate of the remaining percentage of the Outstanding Principal Amount of each Subordinated Instrument, and the Issuer will recognise the Holder as having been issued the Conversion Number of Ordinary Shares for all purposes, in each case without the need for any further act or step by the Issuer, the Holder or any other person (and the Issuer will, as soon as possible thereafter and without delay on its part, take any appropriate procedural steps to effect such Conversion, including updating the Ordinary Share register); and
- (c) a Holder has no further right or claim under these Terms and Conditions in respect of such Subordinated Instruments or percentage of the Outstanding Principal Amount of each Subordinated Instrument (including to payments of interest or the repayment of principal), except in the case of Conversion and subject to Condition 6.10 in relation to the Holder's entitlement to the Conversion of Ordinary Shares in accordance with Condition 6 and the Holder's entitlement, if any, to Subordinated Instruments representing the Outstanding Principal Amount of such Subordinated Instruments which have not been required to be Converted.

4. Condition 5.3 is deleted and replaced with the following:

5.3 If:

- (a) for any reason, Conversion of a Subordinated Instrument (or a percentage of the Outstanding Principal Amount of each Subordinated Instrument) required to be Converted under Condition 5.1 does not occur within five ASX Business Days after the Non-Viability Trigger Event Date; or

- (b) the Pricing Supplement specifies that the primary method of loss absorption will be Write-off without Conversion in accordance with Condition 5.3,

then:

- (c) the relevant Holders' rights and claims under these Terms and Conditions in relation to such Subordinated Instruments or the percentage of the Outstanding Principal Amount of such Subordinated Instruments (including to payments of interest or the repayment of principal and, in the case of Conversion, to be issued with the Conversion Number of Ordinary Shares in respect of such Subordinated Instruments or percentage of the Outstanding Principal Amount of each Subordinated Instrument), are immediately and irrevocably written-off and terminated ("**Written-off**") with effect on and from the Non-Viability Trigger Event Date; and
- (d) the Outstanding Principal Amount of such Subordinated Instruments is reduced on that date by the Outstanding Principal Amount of the Subordinated Instruments to be Converted or Written-off, as determined in accordance with Conditions 5.1(a) and (b) and any accrued and unpaid interest shall be correspondingly reduced.

5. Condition 5.4(a) is deleted and replaced with the following:

5.4 Subject to any Write-off required in accordance with Condition 5.3, each Holder by its purchase or holding of a Subordinated Instrument shall be taken to have irrevocably agreed that:

- (a) upon Conversion in accordance with Condition 5 and Condition 6, it consents to becoming a member of the Issuer and agrees to be bound by the constitution of the Issuer;

6. Conditions 6.1(a) and 6.1(b) are deleted and replaced with the following:

6.1 On the Non-Viability Trigger Event Date, subject to Condition 5.3 and Condition 6.10, the following provisions will apply.

- (a) The Issuer will allot and issue the Conversion Number of Ordinary Shares for each Subordinated Instrument to each Holder. The Conversion Number is, subject always to the Conversion Number being no greater than the Maximum Conversion Number, either (x) the number specified, or determined in accordance with the relevant provisions in, the Pricing Supplement or, (y) if no Conversion Number and no such provisions are specified in the Pricing Supplement, calculated according to the following formula:

Conversion Number for each Subordinated Instrument =

Outstanding Principal Amount of the
Subordinated Instrument (translated
into Australian Dollars in accordance
with paragraph (d) of the definition of
Outstanding Principal Amount, except
that the calculation date shall be the
Non-Viability Trigger Event Date)

P x VWAP

where:

P means the number specified in the Pricing Supplement.

VWAP means the VWAP during the VWAP Period.

Maximum Conversion Number means a number calculated according to the following formula:

$$\text{Maximum Conversion Number} = \frac{\text{Outstanding Principal Amount of the Subordinated Instrument (translated into Australian Dollars in accordance with paragraph (d) of the definition of Outstanding Principal Amount)}}{0.20 \times \text{Issue Date VWAP}}$$

- (b) Subject to Condition 6.10, each Holder's rights in relation to each Subordinated Instrument that is being Converted as determined in accordance with Conditions 5.1(a) and (b) will be immediately and irrevocably terminated for an amount equal to its Outstanding Principal Amount and the Issuer will apply such Outstanding Principal Amount of each such Subordinated Instrument to be so Converted to subscribe for the Ordinary Shares to be allotted and issued under Condition 6.1(a). Each Holder is taken to have irrevocably directed that any amount payable under this Condition 6.1 is to be applied as provided for in this Condition 6.1 and Holders do not have any right to payment in any other way.

7. Condition 6.9(a) is deleted and replaced with the following:

6.9

- (a) Ordinary Shares issued or arising from Conversion will rank equally with, and will have the same rights as, all other fully paid Ordinary Shares provided that the rights attaching to the Ordinary Shares issued or arising from Conversion do not take effect until 5.00pm (Sydney time) on the Non-Viability Trigger Event Date (or such other time required by APRA).

8. Condition 6.10(a) is deleted and replaced with the following:

6.10

- (a) If Subordinated Instruments are required to be Converted and the Holder is the operator of a Clearing System or a nominee for a common depository for any one or more Clearing Systems (such operator or nominee for a common depository acting in such capacity as is specified in the rules and regulations of the relevant Clearing System or Clearing Systems), then, with effect from the Non-Viability Trigger Event Date, the Holder's rights in relation to each such Subordinated Instrument being Converted shall be immediately and irrevocably terminated and the Issuer will issue the relevant aggregate Conversion Number of Ordinary Shares due to such Holder in uncertificated form through the Issuer's share registry provider to one or more Sale and Transfer Agents for no additional consideration to hold on trust for sale for the benefit of the participants in, or members of,

the relevant Clearing System or Clearing Systems who held the corresponding Subordinated Instruments through the relevant Clearing System or Clearing Systems immediately prior to Conversion ("**Clearing System Participants**"). A Clearing System Participant will be entitled to receive Ordinary Shares (or the proceeds of the sale of Ordinary Shares) in accordance with this Condition 6.10.

9. Condition 6.10(e) is deleted and replaced with the following:

6.10

- (e) If Conversion under this Condition 6.10 does not occur within five ASX Business Days, then the Holder's rights will be immediately and irrevocably terminated in accordance with Condition 5.3.

SCHEDULE 2

- 1. The section headed “Conversion” on page 10 of the Information Memorandum is deleted and replaced with the following:**

Conversion: If the Subordinated Instruments are required to be converted on account of a non-viability trigger event in accordance with the “Terms and Conditions of the Subordinated Instruments – Non-viability, Conversion and Write-off and – Procedures for Conversion”, holders of Subordinated Instruments will receive Ordinary Shares (as defined in the section below entitled “Information on the Underlying Securities”) in the Issuer. If conversion into Ordinary Shares does not occur for any reason within 5 ASX Business Days following the occurrence of the non-viability trigger event, the Subordinated Instruments will be written-off. This means that Holders’ rights in relation to Subordinated Instruments (including to payments of interest or the repayment of principal and, on conversion, to be issued with Ordinary Shares in respect of such Subordinated Instruments) are immediately and irrevocably written-off and terminated with effect on and from the date of the non-viability trigger event.

- 2. The section headed “A Non-Viability Trigger Event may occur” on page 24 of the Information Memorandum is deleted and replaced with the following:**

If a Non-Viability Trigger Event occurs, the Issuer may be required to Convert the Subordinated Instruments to Ordinary Shares or, if Write-off is specified in the Pricing Supplement as being the primary method of loss absorption, Write-off the Subordinated Instruments. Even if Conversion is specified in the Pricing Supplement as being the primary method of loss absorption, the Subordinated Instruments may, in certain circumstances, still be subject to Write-off. See “Termination of rights where Conversion does not occur or if Write-off is the primary method of loss absorption” below.

A Non-Viability Trigger Event occurs when APRA notifies the Issuer in writing that it believes:

- Conversion or Write-Off of all or some Subordinated Instruments (or conversion or write down of all or some of the capital instruments of the Westpac Group) is necessary because, without it, the Issuer would become non-viable; or
- a public sector injection of capital, or equivalent support, is necessary because, without it, the Issuer would become non-viable.

APRA has indicated that at this time it will not provide guidance as to how it will determine non-viability. Non-viability could be expected to include serious impairment of the Issuer’s financial position, concerns about its capital, funding or liquidity levels and/or insolvency. However, it is possible that APRA’s definition of non-viability may not necessarily be confined to these matters and APRA’s position on these matters may change over time. As the occurrence of a Non-Viability Trigger Event is at the discretion of APRA, there can be no assurance given as to the factors and circumstances that might give rise to such an event. A Non-Viability Trigger Event could occur at any time. It could occur on dates not previously contemplated

by investors or which may be unfavourable in light of then-prevailing market conditions or investors' individual circumstances or timing preferences.

The Issuer has a framework in place to manage capital, funding and liquidity risk to lower the risk of experiencing financial difficulty.

The section entitled "Risks relating to Westpac's business" sets out a number of general risks associated with the Issuer's businesses. If one, or a combination, of these risks leads to a significant capital loss, or prolonged difficulties in raising funding or maintaining sufficient liquidity, the Issuer believes this may be the type of situation in which APRA would become concerned and notify the Issuer that it has become non-viable. It should be noted that these are examples. The risks outlined in the section entitled "Risks relating to Westpac's business" are not exhaustive and there may be other risks which affect the financial performance and condition of the Issuer and consequently, the likelihood of the occurrence of a Non-Viability Trigger Event.

- 3. The section headed "Conversion following a Non-Viability Trigger Event" on pages 25 and 26 of the Information Memorandum is deleted and replaced with the following:**

Conversion following a Non-Viability Trigger Event

Upon the occurrence of a Non-Viability Trigger Event, if Conversion is specified in the Pricing Supplement as being the primary method of loss absorption and if Subordinated Instruments are required to be Converted (see "**Order of Conversion of Relevant Securities**", below), all or some Subordinated Instruments (or a percentage of the Outstanding Principal Amount of each Subordinated Instrument) will Convert into the applicable Conversion Number of Ordinary Shares. In the case of a Non-Viability Trigger Event where APRA has notified the Issuer that a public sector injection of capital, or equivalent support, is necessary, all Subordinated Instruments will be required to be Converted or Written-off. The Conversion Number will be based on the VWAP during the 5 ASX Business Days on which trading in Ordinary Shares took place immediately preceding but not including the Non-Viability Trigger Event Date, which may differ from the Ordinary Share price on or after that date. Holders will receive the Conversion Number of Ordinary Shares on the Non-Viability Trigger Event Date. The Conversion Number will not exceed the Maximum Conversion Number (see "**Maximum Conversion Number**", below). Accordingly, depending upon the Ordinary Share price during the 5 ASX Business Days prior to a Non-Viability Trigger Event Date, the value of Ordinary Shares received for each Subordinated Instrument may be significantly less than the Outstanding Principal Amount of each Subordinated Instrument. However, even if Conversion is specified in the Pricing Supplement as being the primary method of loss absorption, the Subordinated Instruments may, in certain circumstances, still be subject to Write-off. See "Termination of rights where Conversion does not occur or if Write-off is the primary method of loss absorption" below.

- 4. The section headed "Termination of rights where Conversion not possible or if Write-off is the primary method of loss absorption" on page 27 of the Information Memorandum is deleted and replaced with the following:**

Termination of rights where Conversion does not occur or if Write-off is the primary method of loss absorption

If Conversion of a Subordinated Instrument does not occur for any reason within 5 ASX Business Days after a Non-Viability Trigger Event (including, for example, due to applicable law, order of a court or action of any government authority, including regarding the insolvency, Winding-Up or other external

administration of the Issuer or as a result of the Issuer's inability or failure to comply with its obligations under the terms and conditions of the Subordinated Instruments in relation to Conversion), or if Write-off is specified in the Pricing Supplement as being the primary method of loss absorption, then the Subordinated Instruments will be Written-off and the rights of Holders in relation to such Subordinated Instruments (including to payments of interest and repayment of principal and, where Conversion is specified in the Pricing Supplement as being the primary method of loss absorption, to be issued with Ordinary Shares on Conversion) will be immediately and irrevocably terminated with effect on and from the Non-Viability Trigger Event Date and investors will lose all or some of their investment.

5. The section headed "Ranking of the Subordinated Instruments" on page 29 of the Information Memorandum is deleted and replaced with the following:

The Subordinated Instruments are unsecured, subordinated obligations of the Issuer.

In the event of a Winding-Up, if the Subordinated Instruments are still on issue and have not been redeemed early, or, following a Non-Viability Trigger Event, Converted or Written-off, they rank for payment:

- ahead of Ordinary Shares and other Junior Ranking Capital Instruments;
- equally among themselves and with other Equal Ranking Instruments; and
- behind Senior Creditors (including depositors and all holders of the Issuer's senior or less subordinated debt).

However, the ranking of the Subordinated Instruments in a Winding-Up will be adversely affected if a Non-Viability Trigger Event occurs. If Conversion does not occur following this event, all rights in relation to the Subordinated Instruments will be terminated and no compensation will be paid. In these circumstances, the Subordinated Instruments will have no claim in a Winding-Up.

Senior Creditors include holders of any instruments issued by the Issuer prior to 1 January 2013 which constituted Lower Tier 2 Capital as described in the Prudential Standards as in effect prior to 1 January 2013, irrespective of whether or not such instruments are treated as constituting Tier 2 Capital in accordance with any transitional arrangements approved by APRA.

As the Subordinated Instruments rank after Senior Creditors, there is a risk that in a Winding-Up, there will be insufficient funds to provide any return to Holders.

If, in a Winding-Up, the Subordinated Instruments of any series are still on issue and have not been redeemed early, or, following a Non-Viability Trigger Event, Converted or Written-off, Holders will only be entitled to prove for any sums payable in respect of their Subordinated Instruments as a debt which is subject to prior payment in full of Senior Creditors.

If the Subordinated Instruments have been Converted, Holders will hold Ordinary Shares and rank equally with other holders of Ordinary Shares in a Winding-Up.

However, if, following a Non-Viability Trigger Event, Conversion does not occur for any reason (for example, due to applicable laws, order of a court or action of any government authority) within 5 ASX Business Days following the Non Viability Trigger Event Date, or if Write-off is specified in the Pricing Supplement as being the primary method of loss absorption, then the Subordinated Instruments will be

Written-off and the Holders' rights (including to Interest) in relation to those Subordinated Instruments will be immediately and irrevocably terminated.

6. **The sections headed "Payment of additional amounts because of a deduction or withholding in respect of IWT", "Withholding under section 126 of the Australian Tax Act ("section 126") on certain Subordinated Instruments in bearer form" and "Withholding for failure to provide Tax File Number ("TFN") / Australian Business Number ("ABN")" on pages 146 and 147 of the Information Memorandum are deleted and replaced with the following:**

Payment of additional amounts because of a deduction or withholding in respect of IWT

If the Issuer is, at any time, compelled by law to deduct or withhold an amount in respect of IWT, then it must, subject to certain exceptions set out in Condition 10 (Taxation), pay such additional amounts as will result in the receipt by the Holders of such Subordinated Instruments of such amounts as would have been received by them had no such deduction or withholding been required.

However, it is noted that Condition 10 (Taxation) provides that the Issuer will not be obliged to pay such additional amounts on account of IWT which is payable by reason of the Holder being an associate (as defined in section 128F) of the Issuer.

Withholding under section 126 of the Australian Tax Act ("section 126") on certain Subordinated Instruments in bearer form

Section 126 imposes a withholding tax, at the rate of (currently) 47%, on the payment of interest on bearer debentures if the issuer fails to disclose the names and addresses of certain holders of those debentures to the ATO. Section 126 does not apply to the payment of interest on debentures held by Non-Residents that do not carry on business at or through a permanent establishment in Australia where the issue of the debentures satisfied the requirements of section 128F. However, the operation of section 126 in relation to debentures held in some circumstances can be complex. Section 126 will not apply in any circumstances if the name and address of the holder of the bearer debentures is disclosed to the ATO. The ATO has issued a Taxation Determination stating that where interests in debentures are held by persons through a clearing house which lodges the bearer debentures with a common depository, the disclosure of the name and address of the clearing house will be sufficient for section 126 purposes.

Condition 10 (Taxation) provides that the Issuer will not be obliged to pay additional amounts on account of taxes which it is required to deduct and withhold under section 126 (or any equivalent provision) in respect of interest payable on such bearer Subordinated Instruments where the tax would not be payable were the Holder not a "Resident of Australia" or a "Non-Resident" engaged in carrying on business in Australia at or through a permanent establishment of that "Non-Resident" in Australia.

Withholding for failure to provide Tax File Number ("TFN") / Australian Business Number ("ABN")

The Issuer is required to deduct and withhold tax from payments of interest at a rate that is currently 49% on the Subordinated Instruments unless a TFN or, in certain circumstances, an ABN has been provided to the Issuer by the Holder, or the Holder has supplied the Issuer with proof of some other relevant exemption.

Provided that the requirements of section 128F have been satisfied with respect to the Subordinated Instruments, the TFN / ABN withholding rules will not apply to payments to Holders that are Non Residents

and do not hold the Subordinated Instruments in carrying on business in Australia at or through a permanent establishment in Australia.

Condition 10 (Taxation) provides that the Issuer will not be obliged to pay additional amounts on account of taxes deducted or withheld on payments made in respect of Subordinated Instruments presented for payment by a Holder that could lawfully avoid (but has not so avoided) such deduction or withholding by complying with any statutory requirements or making a declaration of non-residence or other claim or filing for exemption.