

ASX ANNOUNCEMENT

NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES

19 October 2015

Retail Entitlement Offer – Letter to Ineligible Retail Shareholders

Attached is a copy of the letter being sent to ineligible retail shareholders in connection with the retail component of Westpac's pro rata renounceable entitlement offer announced on 14 October 2015 ("Retail Entitlement Offer").

If you have any questions about the Retail Entitlement Offer, you should seek advice from your financial adviser or other professional adviser. You can also call the Westpac Offer Information Line on 1300 365 790 (within Australia) or +61 1300 365 790 (outside Australia), 8.30am to 5.30pm (Sydney time) Monday to Friday, or 0800 767 556 (within New Zealand), 8.30am to 5.30pm (New Zealand time) Monday to Friday.

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Important information

This announcement does not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States. Neither the entitlements issued under the Entitlement Offer ("Entitlements") nor the new shares to be issued under the offer ("New Shares") have been, or will be, registered under the U.S. Securities Act of 1933 (the "Securities Act") or the securities laws of any state or other jurisdiction of the United States.

Accordingly, the Entitlements may not be issued to, purchased or traded by, or taken up or exercised by, and the New Shares may not be offered or sold to persons in the United States or persons acting for the account or benefit of a person in the United States, unless such Entitlements or New Shares have been registered under the Securities Act, or are offered and sold in a transaction exempt from, or not subject to, the registration requirements of the Securities Act and applicable U.S. state securities laws.

19 October 2015

Dear Shareholder,

WESTPAC BANKING CORPORATION RETAIL ENTITLEMENT OFFER

NOTIFICATION TO INELIGIBLE RETAIL SHAREHOLDERS

On 14 October 2015, Westpac Banking Corporation (**Westpac**) announced the launch of a fully underwritten pro rata accelerated renounceable entitlement offer (with retail entitlements trading) (**Entitlement Offer**) to all shareholders, of new fully paid ordinary shares in Westpac (**New Shares**) to raise approximately \$3.5 billion. Eligible shareholders were offered 1 New Share for every 23 existing Westpac ordinary shares held on the record date of 7.00pm (Sydney time) on 19 October 2015 (**Entitlements**) at an offer price of \$25.50 per New Share (**Offer Price**). Westpac is raising capital in response to increases in mortgage risk weights that will be applied from 1 July 2016. The net proceeds of the Entitlement Offer will be used by Westpac for general business purposes.

Why you are receiving this letter

This letter is to inform you about the Entitlement Offer and to explain why you will not be eligible to participate, since you are a shareholder with a registered address outside of Australia and New Zealand. As an ineligible retail shareholder, Westpac will not be extending the retail component of the Entitlement Offer (**Retail Entitlement Offer**) to you and you will not be able to purchase New Shares under the Retail Entitlement Offer. Therefore, this letter is not an offer to issue New Shares to you, nor an invitation for you to apply for New Shares.

You are not required to do anything in response to this letter but there may be financial implications for you as a result of the Retail Entitlement Offer, with respect to the way in which your Entitlements will be dealt with (explained further below), of which you should be aware.

Why you will not be able to purchase New Shares under the Retail Entitlement Offer

Westpac has determined that it would be unreasonable to make or extend offers under the Retail Entitlement Offer to shareholders whose address on the share register as at the Record Date is outside of Australia and New Zealand. In particular, shareholders that are in the United States or are acting for the account or benefit of a person in the United States (to the extent such person holds Westpac ordinary shares for the account or benefit of such person in the United States) are not eligible to participate in the Retail Entitlement Offer. This is due to the legal and regulatory requirements in countries other than Australia and New Zealand and needing to comply with these requirements compared with the relatively small number of shareholders in those countries, the relatively small number of existing Westpac ordinary shares they hold and the relatively low value of New Shares to which those shareholders would otherwise be entitled.

Based on your registered address, you are ineligible to subscribe for New Shares under the Retail Entitlement Offer. However, as the Retail Entitlement Offer is renounceable, you may receive value for Entitlements you would have received had you been eligible to participate in the Retail Entitlement Offer.

Treatment of ineligible retail shareholders' Entitlements

Westpac has arranged for the Entitlements of ineligible retail shareholders to be sold on their behalf in a bookbuild process (the **Retail Shortfall Bookbuild**). You will receive any proceeds from the price at which Entitlements are sold in the Retail Shortfall Bookbuild (less any applicable withholding tax) (**Retail Sale Proceeds**). The Retail Sale Proceeds (if any) will be paid to you by cheque in Australian dollars.

The ability to obtain Retail Sale Proceeds in connection with the Retail Shortfall Bookbuild, and the amount of any Retail Sale Proceeds, is dependent on various factors, including market conditions. There is no guarantee that there will be Retail Sale Proceeds or that any particular amount of Retail Sale Proceeds will be achieved. The joint lead managers may request that bidders in the Retail Shortfall Bookbuild declare whether they had a net short position of Ordinary Shares. Allocation criteria in the Retail Shortfall Bookbuild may include consideration, among other criteria, of whether bidders had a net short position of Ordinary Shares or have provided the requested declaration in time.

To the maximum extent permitted by law, Westpac, the joint lead managers and each of their respective related bodies corporate and affiliates, and each of their respective directors, officers, partners, employees, representatives and agents, disclaim all liability, including for negligence, for any failure to procure Retail Sale Proceeds.

Rights trading

While the retail Entitlements will be tradeable on ASX, the assignment, transfer and exercise of retail Entitlements trading on ASX will be restricted to persons meeting certain eligibility criteria. In particular, persons in the United States and persons acting for the account or benefit of persons in the United States will not be eligible to purchase or trade retail Entitlements or to take up retail Entitlements they acquire. If you purchase retail Entitlements during the Entitlements trading period, but you do not meet the eligibility criteria, you will not be able to take up those Entitlements and, as a result, you may receive no value for them.

Further information

Call the Westpac Offer Information Line on 1300 365 790 (within Australia) or +61 1300 365 790 (outside Australia), 8.30am to 5.30pm (Sydney time), Monday to Friday, or 0800 767 556 (within New Zealand), 8.30am to 5.30pm (New Zealand time), Monday to Friday.

If you have any further questions, you should contact your broker, accountant or other professional adviser.

On behalf of the Board of Westpac, I thank you for your continued support.

Yours sincerely,



Timothy Hartin
Group Company Secretary
Westpac Banking Corporation

Important information

This letter is issued by Westpac Banking Corporation (ACN 007 457 141). This letter is not a prospectus or offering document under Australian law or under any other law. It is for information purposes only and does not constitute an offer, invitation or recommendation to subscribe for, retain or purchase any securities in Westpac in any jurisdiction. Nothing contained in this letter constitutes investment, legal, tax or other advice. You should make your own assessment and take independent professional advice in relation to the information and any action on the basis of the information.

This letter does not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States. Neither the entitlements nor the New Shares have been, nor will be, registered under the U.S. Securities Act of 1933, as amended (the **Securities Act**) or the securities laws of any state or other jurisdiction of the United States. Accordingly, Entitlements may not be issued to, purchased or traded by, or taken up by, and the New Shares may not be offered or sold to persons in the United States or persons who are acting for the account or benefit of persons in the United States, unless they have been registered under the Securities Act, which none of Westpac or the joint lead managers has any obligation to do or procure, or offered and sold in a transaction exempt from, or not subject to, the registration requirements of the Securities Act and applicable U.S. state securities laws.

This letter is being supplied to you solely for your information and may not be reproduced, redistributed or passed on, directly or indirectly, to any other person or published, in whole or in part, for any purpose. Neither this letter nor any other documents relating to the Entitlement Offer or New Shares may be sent or distributed, in whole or in part, to persons in the United States or to persons that are acting for the account or benefit of persons in the United States.