

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

MEDIA RELEASE

10 July 2013

WESTPAC SUBORDINATED NOTES II OFFER

Westpac Banking Corporation (“**Westpac**”) today announced the Offer of new Tier 2 capital securities known as Westpac Subordinated Notes II, which are fully paid, redeemable, subordinated and unsecured debt obligations of Westpac. Westpac Subordinated Notes II are expected to be quoted on the ASX. Westpac Subordinated Notes II are being offered with an Issue Price of \$100 each, to raise approximately \$750 million, with the ability to raise more or less.

Westpac Subordinated Notes II will qualify as Tier 2 Capital under the Australian Prudential Regulation Authority’s Basel III capital adequacy framework.

“Westpac’s Common Equity Tier 1 capital ratio leads domestic peers and is among the strongest of global peers on a Basel III fully harmonised basis. The issuance of new Tier 2 capital securities will further strengthen Westpac’s total regulatory capital position and further diversify the Group’s funding profile,” said Westpac’s acting Chief Financial Officer, Peter King.

Key features of Westpac Subordinated Notes II (“Notes”):

- Westpac will pay cumulative, floating rate Interest, quarterly in arrear beginning on 22 November 2013. Interest payments will not have franking credits attached;
- The Interest Rate will be determined quarterly as the sum of the 90 day Bank Bill Rate and the Margin per annum. The Margin is expected to be in the range of 2.30% to 2.45% per annum (and will be determined under the Bookbuild). For example, the Interest Rate for the first quarterly Interest Period would be 5.13% p.a. if the 90 day Bank Bill Rate on the Issue Date was the same as on 5 July 2013, being 2.83% p.a., and the Margin was 2.30% p.a.;
- The Notes have a fixed Maturity Date of 22 August 2023, but may be Redeemed earlier at the election of Westpac on 22 August 2018 and on any Interest Payment Date thereafter. Any early Redemption will be subject to the prior written approval of APRA;
- Payments will not be deferrable or discretionary, although payments are subject to Westpac being Solvent at the time of payment and immediately after payment;
- The Notes may Convert into Ordinary Shares if APRA determines that Westpac is, or would become, non-viable (known as a “Non-Viability Trigger Event”). If for any reason Conversion is not possible, the Notes will be Written-off (and the rights of Holders will be terminated); and
- In the event of a Winding-Up of Westpac, if the Notes have not been Redeemed, Converted or Written-off, they will rank ahead of Ordinary Shares and other Junior Ranking Capital Instruments, equally among themselves and with other Equal Ranking Instruments, but behind the claims of Senior Creditors (including depositors and all holders of Westpac’s senior and other less subordinated debt).

Details of the offer of Westpac Subordinated Notes II (“Offer”):

The Offer is expected to open on 18 July 2013 and consists of:

- a Reinvestment Offer – a priority offer to registered holders of Westpac SPS at 7.00pm (Sydney time) on 1 July 2013 and shown on the Register as having an address in Australia (“**Eligible Westpac SPS Holders**”);

- a Securityholder Offer – to registered holders of Westpac Ordinary Shares, Westpac TPS, Westpac SPS II, Westpac CPS, Westpac Subordinated Notes 2012 or Westpac Capital Notes at 7.00pm (Sydney time) on 1 July 2013 who are shown on the Register as having an address in Australia;
- a Broker Firm Offer – to clients of the Syndicate Brokers; and
- an Institutional Offer – to certain Institutional Investors invited by Westpac Institutional Bank to bid for Notes under the Bookbuild.

The Closing Date for the Reinvestment Offer is expected to be 5.00pm (Sydney time) on 9 August 2013, and the Closing Date for the Securityholder Offer and the Broker Firm Offer is expected to be 5.00pm (Sydney time) on 13 August 2013.

Reinvestment Offer for Westpac SPS

An important element of the Offer is the Reinvestment Offer for Eligible Westpac SPS Holders. Under the Reinvestment Offer, Eligible Westpac SPS Holders will be able to apply to sell some or all of their Westpac SPS through an On-Market Buy-Back Facility and automatically reinvest the proceeds in Notes. The Reinvestment Offer has priority over the Securityholder Offer, which means that when allocating Notes, Westpac will give priority to Eligible Westpac SPS Holders who elect to participate in the Reinvestment Offer.

Westpac is making the Reinvestment Offer to give Eligible Westpac SPS Holders an opportunity to convert their investment in Westpac into Notes with no transaction costs. Participation in the Reinvestment Offer by Westpac SPS holders is not compulsory.

Westpac intends that any Westpac SPS that are not sold through the Reinvestment Offer will be transferred to the Nominated Party on 26 September 2013, which is the Initial Mandatory Conversion Date for Westpac SPS. On that date, Westpac SPS holders who continue to hold their Westpac SPS will receive \$100 per Westpac SPS, plus the Final Distribution (provided the distribution payment test in the terms of the Westpac SPS is satisfied). As a technical requirement under the Westpac SPS terms, Westpac will send a transfer notice to Westpac SPS holders in the next few weeks in relation to that transfer.

How to apply

The Prospectus for the Offer has been lodged with ASIC and released to the market via the ASX today and is available for download at www.westpac.com.au/investorcentre. A replacement Prospectus containing the Margin will be made available when the Offer opens. Application Forms will also be made available at this time.

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

Reinvestment Offer

After the Offer opens, all Eligible Westpac SPS Holders will be sent a copy of the Prospectus by post with a personalised Reinvestment Form and a transfer notice.

Eligible Westpac SPS Holders who wish to participate in the Reinvestment Offer must either complete and return the personalised Reinvestment Form or apply online at www.westpac.com.au/investorcentre. Eligible Westpac SPS Holders who are clients of a Syndicate Broker should contact their broker to make an Application for Notes under the Reinvestment Offer.

Securityholder Offer

During the Offer Period, Eligible Securityholders may obtain a copy of the Prospectus with a personalised Securityholder Application Form (free of charge) by calling the Westpac Subordinated Notes II Information Line (Monday to Friday, 8.30am to 5.30pm, Sydney time) on **+ 61 1300 551 756** or online at **www.westpac.com.au/investorcentre**.

Eligible Securityholders who wish to apply for Notes may either complete and return the personalised Securityholder Application Form or apply online at **www.westpac.com.au/investorcentre**.

Broker Firm Offer

Broker Firm Applicants should contact their Syndicate Broker for instructions on how to obtain a copy of the Prospectus and make an Application for Notes.

More information

For more information about the Offer visit the Westpac website at **www.westpac.com.au/investorcentre** or call the Westpac Subordinated Notes II Information Line (Monday to Friday, 8.30am to 5.30pm, Sydney time) on **+61 1300 551 756** (local call cost within Australia).

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 THE OFFER

Record date for determining Eligible Securityholders (7.00pm Sydney time)	1 July 2013
Announcement of Offer and lodgement of the Prospectus with ASIC	10 July 2013
Bookbuild	17 July 2013
Announcement of Margin	17 July 2013
Lodgement of replacement Prospectus with ASIC	18 July 2013
Opening Date	18 July 2013
Closing Date for the Reinvestment Offer (5.00pm Sydney time)	9 August 2013
Closing Date for the Securityholder Offer and the Broker Firm Offer (5.00pm Sydney time)	13 August 2013
Issue Date of Notes	22 August 2013
Commencement of deferred settlement trading	23 August 2013
Holding Statements dispatched by	28 August 2013
Commencement of normal settlement trading	29 August 2013

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.