
WESTPAC CAPITAL NOTES

PROSPECTUS

ISSUER

Westpac Banking Corporation
ABN 33 007 457 141

DATE OF THIS PROSPECTUS

7 February 2013

STRUCTURING ADVISER

Deutsche Bank

JOINT LEAD MANAGERS AND JOINT BOOKRUNNERS

Westpac Institutional Bank
ANZ Securities
Commonwealth Bank of Australia
Deutsche Bank
Macquarie Capital (Australia) Limited
Morgan Stanley Australia Securities Limited
UBS

ONLINE MANAGER

Westpac Online Investing

For personal use only



IMPORTANT NOTICES

ABOUT THIS PROSPECTUS

This Prospectus relates to the offer of Westpac Capital Notes ("Notes") at a Face Value of \$100 each to raise approximately \$1.25 billion with the ability to raise more or less.

The Westpac Capital Notes offered under this Prospectus are designated as Series 2013-1.

Westpac Capital Notes are fully paid, non-cumulative, convertible, transferable, redeemable, subordinated, perpetual, unsecured notes issued by Westpac.

This Prospectus is dated 7 February 2013 and was lodged with the Australian Securities and Investments Commission ("ASIC") on that date. This is a replacement prospectus which replaces the prospectus dated 30 January 2013 and lodged with ASIC on that date ("Original Prospectus"). ASIC and ASX Limited ("ASX") take no responsibility for the content of this Prospectus nor for the merits of the investment to which this Prospectus relates. This Prospectus expires on the date which is 13 months after the date of the Original Prospectus ("Expiry Date") and no Notes will be issued or transferred on the basis of this Prospectus after the Expiry Date.

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).

The Notes are not secured. Investment-type products are subject to investment risk, including possible delays in payment and loss of income and principal invested. Neither Westpac nor any member of the Westpac Group in any way guarantees the capital value and/or performance of the Notes or any particular rate of return.

DEFINED WORDS AND EXPRESSIONS

Some words and expressions used in this Prospectus are capitalised as they have defined meanings. The Glossary in Appendix A and clause 15.2 of the Westpac Capital Notes Terms in Appendix B define these words and expressions.

A reference to time in this Prospectus is to Sydney time, unless otherwise stated. A reference to \$, A\$, dollars and cents is to Australian currency, unless otherwise stated.

NO REPRESENTATIONS OTHER THAN IN THIS PROSPECTUS

You should rely only on information in this Prospectus. No person is authorised to provide any information or to make any representations in connection with the Offer which is not contained in this Prospectus. Any information or representations not contained in this Prospectus may not be relied upon as having been authorised by Westpac in connection with the Offer.

Except as required by law, and only to the extent so required, neither Westpac nor any other person warrants the future performance of the Notes, Westpac or any return on any investment made under this Prospectus.

The financial information provided in this Prospectus is for information purposes only and is not a forecast of operating results to be expected in future periods.

THIS PROSPECTUS DOES NOT PROVIDE INVESTMENT ADVICE – YOU SHOULD SEEK YOUR OWN PROFESSIONAL INVESTMENT ADVICE

The information in this Prospectus is not investment advice and has been prepared without taking into account your investment objectives, financial situation and particular needs (including financial and taxation issues) as an investor. It is important that you read the entire Prospectus before deciding whether to invest in the Notes. In particular, it is important that you consider the risk factors that could affect the financial performance and position of the Notes and Westpac. You should carefully consider these factors and other information in the Prospectus in light of your particular investment objectives, financial situation and particular needs (including financial and taxation issues) and seek professional investment advice from your financial adviser or other professional adviser before deciding whether to apply for Notes. For investment risks that you should consider, see Section 1.3 and Section 5.

Except for any liability which cannot be excluded by law, each Joint Lead Manager and its respective directors, officers, employees and advisers expressly disclaims and does not accept any liability for the contents of the Prospectus, the Notes or the Offer.

RESTRICTIONS IN FOREIGN JURISDICTIONS

This Offer is being made in Australia only. The distribution of this Prospectus (including an electronic copy) in jurisdictions outside Australia may be restricted by law. If you come into possession of this Prospectus in jurisdictions outside Australia, you should seek advice on, and observe, any such restrictions. If you fail to comply with such restrictions that failure may constitute a violation of applicable securities laws.

This Prospectus does not constitute an offer in any jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer. No action has been taken to register or qualify the Notes or the Offer or to otherwise permit a public offering of the Notes in any jurisdiction outside Australia. In particular, the Notes have not been, and will not be, registered under the US Securities Act or the securities law of any state of the United States. Therefore, the Notes may not be offered, sold, delivered or transferred, directly or indirectly, in the United States or to, or for the account or benefit of, any US Person.

Each of the Joint Lead Managers has agreed that it will not offer, sell, deliver or transfer the Notes (i) as part of their distribution at anytime or (ii) otherwise until 40 days after the later of the commencement of the Offer and Issue Date (the "Distribution Compliance Period"), within the United States or to, or for the account or benefit of, US Persons, and it will have sent to each dealer, distributor or other relevant parties to which Notes are allocated during the Distribution Compliance Period a confirmation or other notice setting forth the restrictions on offers, sales, deliveries and transfers of the Notes within the United States or to, or for the account or benefit of, US Persons.

In addition, until 40 days after the commencement of the Offer, an offer or sale of the Notes within the United States by any dealer that is not participating in the Offer may violate the registration requirements of the US Securities Act.

Each of the Joint Lead Managers has agreed that (i) neither it, its affiliates nor any persons acting on its or their behalf have engaged or will engage in any directed selling efforts within the meaning of Rule 902 under the US Securities Act with respect to the Notes, and it and they have complied with and will comply with the offering restrictions requirement of Regulation S under the US Securities Act and (ii) it has not entered into and, without Westpac's prior consent, will not enter into, any contractual arrangement with respect to the distribution or delivery of the Notes, except with its affiliates.

EXPOSURE PERIOD

The Corporations Act prohibits the acceptance of Applications during the seven day period after the date the Original Prospectus was lodged with ASIC. This period is referred to as the Exposure Period and ASIC may extend this period by up to a further seven days (that is up to 14 days in total). The purpose of the Exposure Period was to enable the Original Prospectus to be examined by market participants before the Opening Date.

HOW TO OBTAIN A PROSPECTUS AND AN APPLICATION FORM

During the Offer Period, Eligible Securityholders may obtain a copy of this Prospectus with an Application Form accompanying it free of charge by:

- calling the **Westpac Capital Notes Information Line (Monday to Friday, 8.30am to 5.30pm, Sydney time) on 1300 133 814**; or
- registering online to receive a Prospectus at www.westpac.com.au/investorcentre.

During the Offer Period, Broker Firm Applicants can obtain a copy of this Prospectus, including an Application Form, by downloading a copy from the Westpac website at www.westpac.com.au/investorcentre or from their Syndicate Broker.

An electronic copy of the Prospectus can be downloaded from the Westpac website at www.westpac.com.au/investorcentre.

If you access an electronic copy of this Prospectus, you should ensure that you download and read the entire Prospectus.

Application Forms will only be available during the Offer Period together with printed or electronic copies of the Prospectus.

APPLICATIONS FOR WESTPAC CAPITAL NOTES

Applications for Notes under this Prospectus may only be made during the Offer Period on an Application Form attached to or accompanying this Prospectus including, in the case of Eligible Securityholders, an online Application. The Corporations Act prohibits any person from passing the Application Form on to another person unless it is attached to a printed copy of this Prospectus or the complete and unaltered electronic version of this Prospectus.

You should read this Prospectus in its entirety before deciding to apply for Notes. If, after reading this Prospectus, you are unclear or have any questions about the Offer, then you should consult your financial adviser or other professional adviser.

For information on who is eligible to apply for Notes under the Offer and how to make an Application – see pages 17 and 18 for a summary, and Section 3 and the Application Forms for full details.

ELECTRONIC ACCESS TO PROSPECTUS

The following conditions apply if this Prospectus is accessed electronically:

- you must download the Prospectus in its entirety from www.westpac.com.au/investorcentre; and
- the Prospectus is only available electronically to persons accessing and downloading or printing the electronic version of the Prospectus in Australia.

NO WITHDRAWAL OF APPLICATION

You cannot withdraw your Application once it has been lodged, except as permitted under the Corporations Act.

REFUNDS

If you are Allocated less than the number of Notes that you applied for, you will receive a refund cheque as soon as possible after the Issue Date. If the Offer does not proceed, any Application Payment you have made will be refunded to you. No interest will be payable on Application Payments.

TRADING IN WESTPAC CAPITAL NOTES

It is your responsibility to determine your Allocation before trading in Notes to avoid the risk of selling Notes you do not own. To assist you in determining your Allocation before the receipt of your Holding Statement, you may call the **Westpac Capital Notes Information Line (Monday to Friday 8.30am to 5.30pm, Sydney time) on 1300 133 814** if you are an Eligible Securityholder or contact your Syndicate Broker if you are a Broker Firm Applicant. If you sell Notes before you receive confirmation of your Allocation, you do so at your own risk.

PROVIDING PERSONAL INFORMATION

You will be asked to provide personal information to Westpac (directly or via the Registry) if you apply for Notes. See Section 8.10 for information on how Westpac (and the Registry on its behalf) collects, holds and uses this personal information. You can also obtain a copy of that policy at www.westpac.com.au.

CODE OF BANKING PRACTICE

Westpac voluntarily subscribes to the Code of Banking Practice ("Code") which provides for certain standards of dealing with respect to persons to whom it supplies a financial product who are retail clients (as defined in Chapter 7 of the Corporations Act). A copy of the Code is available on Westpac's website at www.westpac.com.au and information regarding Westpac's confidentiality obligations with respect to your personal information, complaint handling procedures or other matters the subject of the Code which are relevant to the Notes is available on request.

ENQUIRIES

If you have any questions in relation to the Offer, please call the **Westpac Capital Notes Information Line (Monday to Friday 8.30am to 5.30pm, Sydney time) on 1300 133 814** (local call cost within Australia) or contact your financial adviser or other professional adviser.

TABLE OF CONTENTS

Important notices	Inside front cover
ASIC guidance for retail investors	2
Key dates for the Offer and Westpac Capital Notes	3
Section 1 Investment overview	4
Section 2 Information about Westpac Capital Notes	19
Section 3 Application information	48
Section 4 About Westpac	55
Section 5 Investment risks	63
Section 6 Taxation Letter	79
Section 7 Summary of important documents	87
Section 8 Additional information	92
Appendix A Glossary	98
Appendix B Westpac Capital Notes Terms	110
Broker Firm Application Form	137
Corporate Directory	Inside back cover

For personal use only

ASIC GUIDANCE FOR RETAIL INVESTORS

ASIC has published guidance which may be relevant to your consideration of the Westpac Capital Notes – namely, information for retail investors who are considering investing in hybrid securities called “Hybrid securities and notes” (under the heading “Complex investments” at www.moneysmart.gov.au/investing). Free copies of the ASIC guidance can be obtained from ASIC’s website at www.moneysmart.gov.au/investing or by calling ASIC on 1300 300 630 (from Australia) or +61 3 5177 3988 (from outside Australia). Free copies of the ASIC guidance can also be obtained from www.westpac.com.au/investorcentre.

WHERE CAN I OBTAIN FURTHER INFORMATION ABOUT WESTPAC AND WESTPAC CAPITAL NOTES?

Westpac is a disclosing entity for the purposes of the Corporations Act and, as a result, is subject to regular reporting and disclosure obligations under the Corporations 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 securities including Westpac Capital Notes.

Copies of documents lodged with ASIC and ASX can be obtained from, or inspected at, an ASIC office and can also be obtained from www.asx.com.au.

Further information about Westpac, including Westpac’s half-yearly and annual financial reports, presentations and other investor information, can be obtained from www.westpac.com.au/investorcentre.

Investments in the Westpac Capital Notes are an investment in Westpac and may be affected by the ongoing performance, financial position and solvency of Westpac. They 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).

KEY DATES FOR THE OFFER AND WESTPAC CAPITAL NOTES

KEY DATES FOR THE OFFER

Record date for determining Eligible Securityholders (7.00pm Sydney time)	21 January 2013
Announcement of Offer	30 January 2013
Bookbuild	6 February 2013
Announcement of Margin	6 February 2013
Lodgement of Prospectus with ASIC	7 February 2013
Opening Date for the Offer	7 February 2013
Closing Date for the Securityholder Offer (5.00pm Sydney time)	1 March 2013
Closing Date for the Broker Firm Offer (10.00am Sydney time)	7 March 2013
Issue Date	8 March 2013
Commencement of deferred settlement trading	12 March 2013
Holding Statements dispatched by	15 March 2013
Commencement of normal settlement trading	18 March 2013

KEY DATES FOR THE WESTPAC CAPITAL NOTES

Record Date for first Distribution	31 May 2013
First Distribution Payment Date ¹	8 June 2013 ²
Optional Redemption/Transfer Date ³	8 March 2019
Scheduled Conversion Date ⁴	8 March 2021

Dates May Change

These dates are indicative only and may change. 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 Notes are issued. Accordingly, if you wish to apply for Notes, you are encouraged to do so as soon as possible after the Opening Date. The period between the Opening Date and the Closing Dates is known as the Offer Period.

If any of these dates are not Business Days and an event under the Westpac Capital Notes Terms is stipulated to occur on that day, then the event will occur on the next Business Day.

Quotation of the Westpac Capital Notes on ASX

Westpac has applied to ASX for the Notes to be quoted on ASX. Quotation of the Notes is not guaranteed. If ASX does not grant permission for the Notes to be quoted, then the Notes will not be issued and all Application Payments will be refunded (without interest) to Applicants as soon as possible.

Making an Application

For information on who is eligible to apply for the Notes under the Offer and how to make an Application – see pages 17 and 18 for a summary and Section 3 and the Application Forms for full details.

Note:

1. Distributions are payable quarterly, subject to the satisfaction of the Distribution Payment Conditions – see Section 2.2.11.
2. The first Distribution Payment Date is not a Business Day, accordingly the expected first Distribution will be made on the next Business Day.
3. There can be no certainty that APRA will provide its prior written approval for any such Redemption.
4. Conversion of the Notes to Ordinary Shares on this date is subject to satisfaction of the Scheduled Conversion Conditions – see Section 2.4.4.

For personal use only

1

INVESTMENT OVERVIEW

This Section provides an overview of an investment in the Westpac Capital Notes.

The following is an overview of the key terms of the Notes, the key benefits and risks of investing in the Notes, the key differences between the Notes and other Westpac investments or products and the key features of the Offer. Detailed information about these matters is provided in the following Sections of this Prospectus and it is important that you read this Prospectus and the Westpac Capital Notes Terms in full before deciding to invest in the Notes. If you have any questions, you should seek advice from your financial adviser or other professional adviser before deciding to invest.

The full Westpac Capital Notes Terms are contained in Appendix B. Rights and liabilities attaching to the Notes may also arise under the Corporations Act, ASX Listing Rules and other applicable laws.

This Section sets out:

- 1.1 Key features of the Westpac Capital Notes
- 1.2 Key benefits of the Westpac Capital Notes
- 1.3 Key risks associated with an investment in the Westpac Capital Notes and Westpac
- 1.4 Key differences between Westpac Capital Notes and other Westpac investments or products
- 1.5 Key features of the Offer and how to apply

1.1 KEY FEATURES OF THE WESTPAC CAPITAL NOTES

Topic	Summary	Further information	Pages
1.1.1 What is the Offer?	<ul style="list-style-type: none"> • The Offer is for the issue of Westpac Capital Notes to raise approximately \$1.25 billion, with the ability to raise more or less. 	Section 3.1	49
1.1.2 Who is the issuer?	<ul style="list-style-type: none"> • Westpac Banking Corporation ABN 33 007 457 141. 	Section 4	55-62
1.1.3 What are the Westpac Capital Notes?	<p>Westpac Capital Notes are:</p> <ul style="list-style-type: none"> • fully paid – the Issue Price (\$100 per Note) must be paid to Westpac before the Notes are issued; • non-cumulative – they offer non-cumulative Distributions; • convertible – in certain circumstances Westpac will be required to Convert the Notes into Ordinary Shares; • redeemable and transferable – in certain circumstances Westpac may be permitted to repay the Face Value of the Notes or transfer the Notes to a third party (but there are significant restrictions on repayment of the Notes); • perpetual – they do not have any fixed maturity date and could exist indefinitely (in which case you would not receive your capital back or be issued Ordinary Shares); • unsecured – they are not guaranteed nor are they deposit liabilities or protected accounts of Westpac under the Banking Act or Financial Claims Scheme and they are not subject to the depositor protection provisions of Australian banking legislation; and • subordinated – although they have priority over Ordinary Shares and rank equally with certain other Capital Securities issued by Westpac, they are subordinated to claims of Senior Creditors in a Winding Up. 	Section 2 Westpac Capital Notes Terms	19-47, 110-135

INVESTMENT OVERVIEW

Topic	Summary	Further information	Pages
1.1.4 Why is Westpac issuing the Westpac Capital Notes?	<ul style="list-style-type: none"> Westpac is issuing the Notes to raise regulatory capital which satisfies the regulatory capital requirements of the Australian Prudential Regulation Authority (“APRA”). The proceeds received under the Offer will be used by Westpac for general business purposes. The Notes and Westpac’s other Capital Securities, including Ordinary Shares, help to protect Westpac’s depositors and other creditors by providing a loss-absorbing capital buffer which supports losses that may be incurred on Westpac’s assets. The terms of the Notes are complex and derive from the detailed capital requirements which APRA applies to these instruments. Westpac’s ability to pay Distributions or to optionally Redeem (i.e. pay out) the Notes is dependent on APRA either not objecting or giving prior written approval respectively. 	Sections 2.3.1 and 2.7	28, 39
1.1.5 How are the Westpac Capital Notes treated by APRA for regulatory capital purposes?	<ul style="list-style-type: none"> The Notes qualify as Additional Tier 1 Capital to satisfy Westpac’s regulatory capital requirements. 	Sections 2.7.3 and 2.7.4	39
1.1.6 What Distributions are payable?	<ul style="list-style-type: none"> The Notes offer Holders floating rate Distributions until the Notes are Converted or Redeemed. The Distribution Rate is determined quarterly as the sum of the 90 day Bank Bill Rate per annum plus the Margin per annum, together multiplied by $(1 - \text{Tax Rate})^1$. The Margin is 3.20% per annum. Distributions are expected to be fully franked. Distributions are scheduled to be paid quarterly in arrear beginning on 8 June 2013². The dates on which Distributions are paid are referred to as “Distribution Payment Dates”. 	Section 2.2 Westpac Capital Notes Terms clauses 3.1 and 3.5	22-28, 111-112

Note:

- The Tax Rate is 30% (or 0.30 expressed as a decimal) as at the date of this Prospectus.
- The first Distribution Payment Date is not a Business Day, accordingly the expected first Distribution will be made on the next Business Day.

For personal use only

Topic	Summary	Further information	Pages
1.1.7 Will Distributions always be paid?	<ul style="list-style-type: none"> • Payments of Distributions are within the absolute discretion of Westpac, which means Westpac does not have to pay them. Distributions are also only payable if the Distribution Payment Conditions are satisfied. These conditions include the requirement that paying a Distribution would not result in a breach of APRA's regulatory capital requirements. • If any Distributions on the Notes are not paid, Westpac is prevented from determining or paying any Dividends or undertaking any discretionary Buy Back or Capital Reduction unless the amount of the unpaid Distribution is paid in full within 20 Business Days or all Notes have been Converted or Redeemed, a Distribution for a subsequent Distribution Period has been paid in full, or Holders pass a Special Resolution, and APRA does not otherwise object. • Distributions are non-cumulative, which means that unpaid Distributions will not be made up or accumulate. Holders will not have any rights to compensation if Westpac does not pay Distributions. Failure to pay any Distribution is not an event of default (the Westpac Capital Notes Terms do not include any events of default) and Holders have no right to apply for a Winding Up on the grounds of non-payment of a Distribution. 	Sections 2.2.11, 2.2.12 and 2.2.13 Westpac Capital Notes Terms clauses 3.3, 3.4, 3.7 and 3.8	27-28, 112-113
1.1.8 What will happen to my Westpac Capital Notes?	<ul style="list-style-type: none"> • What will happen to the Notes is uncertain and depends on a number of factors including whether Scheduled Conversion will occur, whether a Capital Trigger Event, Non-Viability Trigger Event or Acquisition Event occurs, whether Westpac elects to Redeem or Transfer the Notes and whether APRA's approval is given when required under the Westpac Capital Notes Terms. • Holders have no right to request or require Westpac to Convert, Redeem or arrange for the Transfer of the Notes. • If a Capital Trigger Event or Non-Viability Trigger Event occurs and Conversion of Notes is not possible, all rights in relation to those Notes will be terminated (and you will not get your capital back). 	Sections 2.1.1, 2.4, 2.5 and 2.6 Westpac Capital Notes Terms clauses 4, 5, 6 and 7	20-21, 29-38, 113-118

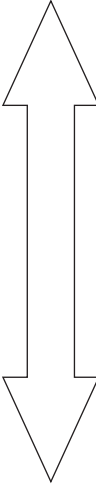
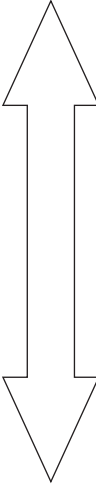
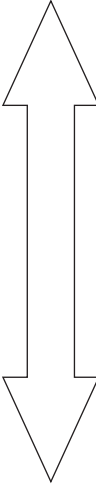
INVESTMENT OVERVIEW

Topic	Summary	Further information	Pages
1.1.9 Will the Westpac Capital Notes be Redeemed?	<ul style="list-style-type: none"> If Westpac Redeems your Notes you will be paid their Face Value (\$100 per Note) and the Notes will be cancelled. Westpac can only Redeem the Notes if APRA is satisfied with Westpac's capital position, which may mean that Westpac must replace the Notes with regulatory capital of the same or better quality. This is intended to protect Westpac's depositors. If APRA gives its prior written approval, Westpac will have a right to Redeem some or all of the Notes on 8 March 2019 (the "Optional Redemption/Transfer Date"). If APRA gives its prior written approval, Westpac will also have a right to Redeem in the following circumstances: <ul style="list-style-type: none"> where a Franking Event occurs (for example, if Westpac determines that because of a change in law that Westpac did not expect at the Issue Date there is a material risk that Distributions will not be frankable); where a Tax Event occurs (for example, if Westpac determines that there is a material risk that the Westpac Group will incur an increase in costs or taxes in relation to the Notes other than a tax or cost that is minor or that Westpac expected at the Issue Date); or where a Regulatory Event occurs (for example, if as a result of a change in law that Westpac did not expect at the Issue Date, additional requirements would be imposed on the Westpac Group in relation to the Notes or there would be a negative impact on the Westpac Group, or if Westpac determines that the Notes will not receive certain regulatory capital treatment). <p>If Westpac chooses to Redeem in these circumstances, it must Redeem all of the Notes.</p> There are significant restrictions on Westpac's right to Redeem the Notes with cash. Most importantly, Westpac's ability to Redeem the Notes is subject to receiving APRA's prior written approval. There can be no certainty that APRA will provide its prior written approval. 	<p>Sections 2.6.1 to 2.6.5</p> <p>Westpac Capital Notes Terms clauses 6 and 15.2 (definitions of "Franking Event", "Tax Event" and "Regulatory Event")</p>	<p>37-38, 117-118, 131-133</p>

Topic	Summary	Further information	Pages
<p>1.1.10 When can the Westpac Capital Notes be Transferred?</p>	<ul style="list-style-type: none"> Instead of Redeeming the Notes, Westpac may require Holders to Transfer all or some of their Notes to a nominated third party on 8 March 2019 (the “Optional Redemption/Transfer Date”). Upon Transfer, Holders would receive the Face Value (\$100) per Note from the third party transferee. If the third party transferee does not pay the Face Value to Holders on the Optional Redemption/Transfer Date, the Transfer will not proceed and Holders will continue to hold their Notes. 	<p>Section 2.6.3 Westpac Capital Notes Terms clause 7</p>	<p>37, 118</p>
<p>1.1.11 When will the Westpac Capital Notes Convert to Ordinary Shares?</p>	<ul style="list-style-type: none"> Scheduled Conversion Date: The Scheduled Conversion Date is 8 March 2021 or the first Distribution Payment Date after 8 March 2021 on which the Scheduled Conversion Conditions are satisfied. These conditions are intended to ensure that upon Conversion on the Scheduled Conversion Date, Holders will receive Ordinary Shares worth approximately \$101.01 per Note (based on the initial Face Value of \$100 and the volume weighted average price of Ordinary Shares during the 20 Business Days before the Scheduled Conversion Date, with the benefit of a 1% discount). However, if the market price of Ordinary Shares on the Scheduled Conversion Date is different to the price used to calculate the number of Ordinary Shares to be issued on Conversion, the value of Ordinary Shares resulting from the Conversion of one Note may be worth more or less than \$101.01. 	<p>Sections 2.4 and 2.5 Westpac Capital Notes Terms clauses 4 and 5</p>	<p>29-36, 113-116</p>

INVESTMENT OVERVIEW

Topic	Summary	Further information	Pages
1.1.11 When will the Westpac Capital Notes Convert to Ordinary Shares? (continued)	<ul style="list-style-type: none"> • Capital Trigger Event or Non-Viability Trigger Event: If <ul style="list-style-type: none"> – Westpac’s Common Equity Tier 1 Capital Ratio becomes equal to or less than 5.125% on a Level 1 or Level 2 basis (a “Capital Trigger Event”); or – APRA determines that Westpac is non-viable (a “Non-Viability Trigger Event”), Westpac will be required to Convert some or all of the Notes to Ordinary Shares (or, where that is not possible, all rights in relation to those Notes will be terminated). If Conversion occurs in these circumstances, Holders are likely to receive Ordinary Shares that are worth significantly less than \$101.01 for each Note they hold. • Acquisition Event: Westpac will also be required to Convert all of the Notes to Ordinary Shares if an Acquisition Event occurs (for example, if there is a takeover bid or scheme of arrangement in relation to Westpac) where certain conditions are satisfied. 	Sections 2.4 and 2.5 Westpac Capital Notes Terms clauses 4, 5 and 15.2 (definitions of “Acquisition Event”, “Capital Trigger Event” and “Non-Viability Trigger Event”)	29-36, 113-116, 128-130, 132
1.1.12 Do the Westpac Capital Notes have voting rights?	<ul style="list-style-type: none"> • Holders have no right to vote at any general meeting of Westpac before Conversion. • Holders have certain voting rights which can be exercised at a meeting of Holders, as set out in the Notes Deed Poll. • Following Conversion, Holders will become holders of Ordinary Shares, and have the voting rights that attach to Ordinary Shares. 	Sections 2.9.5, 2.13.1 and 7.2 Westpac Capital Notes Terms clause 13.7(a)	42, 47, 88-89, 127

Topic	Summary	Further information	Pages																	
1.1.13 How would the Westpac Capital Notes rank in a Winding Up of Westpac?	<ul style="list-style-type: none"> In a Winding Up, the Notes, if they are on issue at the time, rank ahead of Ordinary Shares and equally with Equal Ranking Capital Securities (which currently include TPS 2003, TPS 2004, Westpac TPS, Westpac SPS, Westpac SPS II and Westpac CPS), but behind claims of Senior Creditors, including depositors of Westpac and all holders of Westpac's senior or less subordinated debt. However, any return in a Winding Up may be adversely affected if a Capital Trigger Event or Non-Viability Trigger Event has occurred. Following Conversion, Holders will become holders of Ordinary Shares, and in a Winding Up of Westpac will rank equally with all other holders of Ordinary Shares. The table below illustrates how the Notes would rank upon Winding Up of Westpac if they are on issue at that time: 	<p>Westpac Capital Notes Terms clause 2</p> <p>For further information about the situation where a Capital Trigger Event or Non-Viability Trigger Event has occurred but Westpac is not able to issue Ordinary Shares, see Sections 2.8.4 and 5.1.9</p>	111, 41, 67																	
<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 20%; background-color: #A9A9A9;">Higher ranking</th> <th colspan="2" style="background-color: #A9A9A9;">Illustrative examples¹</th> </tr> </thead> <tbody> <tr> <td rowspan="5" style="text-align: center; vertical-align: middle;">  </td> <td style="border-bottom: 1px solid black;">Preferred and secured debt</td> <td style="border-bottom: 1px solid black;">Liabilities in Australia in relation to protected accounts (generally, savings accounts and term deposits) and other liabilities preferred by law including employee entitlements and secured creditors</td> </tr> <tr> <td style="border-bottom: 1px solid black;">Unsubordinated unsecured debt</td> <td style="border-bottom: 1px solid black;">Trade and general creditors, bonds, notes and debentures (including covered bonds) and other unsubordinated unsecured debt obligations</td> </tr> <tr> <td style="border-bottom: 1px solid black;">Subordinated unsecured debt</td> <td style="border-bottom: 1px solid black;">Westpac Subordinated Notes 2012, other subordinated bonds, notes and debentures and other subordinated unsecured debt obligations with a fixed maturity date</td> </tr> <tr> <td style="border-bottom: 1px solid black;">Subordinated perpetual debt</td> <td style="border-bottom: 1px solid black;">Subordinated perpetual floating rate notes issued in 1986</td> </tr> <tr> <td style="border-bottom: 1px solid black;">Tier 1 Capital hybrid securities</td> <td style="border-bottom: 1px solid black;">Westpac Capital Notes, and notes or preference shares in respect of TPS 2003, TPS 2004, Westpac TPS, Westpac SPS, Westpac SPS II and Westpac CPS</td> </tr> <tr> <td style="background-color: #A9A9A9;">Lower ranking</td> <td>Ordinary shares</td> <td>Ordinary Shares</td> </tr> </tbody> </table>				Higher ranking	Illustrative examples ¹			Preferred and secured debt	Liabilities in Australia in relation to protected accounts (generally, savings accounts and term deposits) and other liabilities preferred by law including employee entitlements and secured creditors	Unsubordinated unsecured debt	Trade and general creditors, bonds, notes and debentures (including covered bonds) and other unsubordinated unsecured debt obligations	Subordinated unsecured debt	Westpac Subordinated Notes 2012, other subordinated bonds, notes and debentures and other subordinated unsecured debt obligations with a fixed maturity date	Subordinated perpetual debt	Subordinated perpetual floating rate notes issued in 1986	Tier 1 Capital hybrid securities	Westpac Capital Notes, and notes or preference shares in respect of TPS 2003, TPS 2004, Westpac TPS, Westpac SPS, Westpac SPS II and Westpac CPS	Lower ranking	Ordinary shares	Ordinary Shares
Higher ranking	Illustrative examples ¹																			
	Preferred and secured debt	Liabilities in Australia in relation to protected accounts (generally, savings accounts and term deposits) and other liabilities preferred by law including employee entitlements and secured creditors																		
	Unsubordinated unsecured debt	Trade and general creditors, bonds, notes and debentures (including covered bonds) and other unsubordinated unsecured debt obligations																		
	Subordinated unsecured debt	Westpac Subordinated Notes 2012, other subordinated bonds, notes and debentures and other subordinated unsecured debt obligations with a fixed maturity date																		
	Subordinated perpetual debt	Subordinated perpetual floating rate notes issued in 1986																		
	Tier 1 Capital hybrid securities	Westpac Capital Notes, and notes or preference shares in respect of TPS 2003, TPS 2004, Westpac TPS, Westpac SPS, Westpac SPS II and Westpac CPS																		
Lower ranking	Ordinary shares	Ordinary Shares																		
1.1.14 ASX quotation	<ul style="list-style-type: none"> The Notes will be quoted on ASX (or, if ASX does not grant permission for the Notes to be quoted, the Notes will not be issued). They are expected to trade under the code WBCPD. Once quoted on ASX, you will be able to buy or sell Notes on market. However, there may or may not be a liquid market for the Notes, which in turn may affect the market price. 	<p>Sections 3.8.1, 5.1.3 and 5.1.4</p>	52, 64-65																	

Note:

1. This diagram and the descriptions are simplified and illustrative only, and do not include every type of security or obligation that may be issued or entered into by Westpac, or every potential claim against Westpac in a Winding Up. Westpac will from time to time issue additional securities or incur other obligations that rank ahead of, equally with, or subordinated to Westpac Capital Notes.

INVESTMENT OVERVIEW

1.2 KEY BENEFITS OF THE WESTPAC CAPITAL NOTES

Topic	Summary	Further information	Pages
1.2.1 What are the key benefits of the Westpac Capital Notes?	<ul style="list-style-type: none">• Floating rate Distributions.• Margin is 3.20% per annum.• Distributions paid quarterly in arrear, subject to the satisfaction of the Distribution Payment Conditions, including Westpac's absolute discretion not to make a payment.• Distributions are expected to be fully franked.• The Notes may be sold on ASX (subject to the liquidity of that market).• Provides investors with an opportunity to diversify their investment portfolio.	Section 2	19-47

1.3 KEY RISKS ASSOCIATED WITH AN INVESTMENT IN THE WESTPAC CAPITAL NOTES AND WESTPAC

Before applying for the Notes, you should consider whether the Notes are a suitable investment for you. There are risks involved with investing in the Notes and in Westpac. Many of these risks are outside the control of Westpac and the Westpac Directors. These risks include those in this Section 1.3 and Section 5 and any other matters referred to in this Prospectus.

1.3.1 Key risks associated with an investment in the Westpac Capital Notes

Topic	Summary	Further information	Pages
Ranking of the Westpac Capital Notes	<ul style="list-style-type: none">• In the unlikely event of a Winding Up, if the Notes are still on issue they will rank ahead of Ordinary Shares, equally with all Equal Ranking Capital Securities and behind Senior Creditors.• If there is a shortfall of funds on a Winding Up to pay all amounts ranking senior to and equally with Notes, Holders will lose all or some of their investment.	Sections 1.1.13, 2.9.1 and 5.1.2	11, 41, 64
Market price of the Westpac Capital Notes may fluctuate	<ul style="list-style-type: none">• It is possible that the Notes may trade at a market price below Face Value.• Circumstances in which the market price of the Notes may decline include general financial market conditions, changes in investor perception and sentiment in relation to Westpac and the availability of better rates of return on other securities issued by Westpac or other issuers.	Section 5.1.3	64-65

Topic	Summary	Further information	Pages
Liquidity of the Westpac Capital Notes may be low	<ul style="list-style-type: none"> The market for the Notes may be less liquid than the market for Ordinary Shares. Holders who wish to sell their Notes may be unable to do so at an acceptable price, or at all, if insufficient liquidity exists in the market for the Notes. 	Section 5.1.4	65
Distributions may not be paid	<ul style="list-style-type: none"> There is a risk that Distributions will not be paid. Distributions are discretionary and are only payable subject to the satisfaction of the Distribution Payment Conditions. Distributions are non-cumulative. If a Distribution is not paid in full because the Distribution Payment Conditions are not satisfied, Holders are not entitled to receive the unpaid portion of that Distribution. 	Sections 1.1.7 and 5.1.5	7, 65
Changes in the Distribution Rate	<ul style="list-style-type: none"> The Distribution Rate will fluctuate (and may increase and/or decrease) over time with movements in the 90 day Bank Bill Rate. There is a risk that the rate may become less attractive compared to returns available on comparable securities or investments. 	Sections 1.1.6 and 5.1.6	6, 65
Conversion or termination of rights on account of a Capital Trigger Event or a Non-Viability Trigger Event	<ul style="list-style-type: none"> The value of Ordinary Shares received for each Note that is Converted upon the occurrence of a Capital Trigger Event or Non-Viability Trigger Event may be less than the Face Value of each Note. If for any reason Conversion of Notes is not possible following the occurrence of a Capital Trigger Event or Non-Viability Trigger Event (for example, due to applicable laws, order of a court or action of any government authority), all rights (including to Distributions) in respect of those Notes will be terminated. Your investment will lose all of its value and you will not receive any compensation. 	Sections 1.1.11, 5.1.7, 5.1.8 and 5.1.9	9-10, 66-67
Exposure to Westpac's financial performance and position	<ul style="list-style-type: none"> Investments in the Notes may be affected by the ongoing performance and financial position of Westpac. 	Section 5.1.10	67

INVESTMENT OVERVIEW

Topic	Summary	Further information	Pages
The price used to calculate the number of Ordinary Shares to be issued on Conversion may not be the market price	<ul style="list-style-type: none"> The price used to calculate the number of Ordinary Shares to be issued on Conversion may be different to the market price of Ordinary Shares at the time of Conversion. 	Section 5.1.11	67
It is not certain whether and when the Westpac Capital Notes will be Converted, Redeemed or Transferred	<ul style="list-style-type: none"> Conversion may not occur on 8 March 2021, being the first possible Scheduled Conversion Date, or at all. Conversion, Redemption or Transfer may occur in certain circumstances before the Scheduled Conversion Date, which may be disadvantageous in light of market conditions or your individual circumstances. 	Sections 5.1.13, 5.1.14 and 5.1.15	68
No fixed maturity date	<ul style="list-style-type: none"> As the Notes are perpetual instruments and have no fixed maturity date, there is a risk you may not be repaid your capital. 	Section 5.1.16	69
Future issues of securities by Westpac	<ul style="list-style-type: none"> Westpac may issue further securities which rank equally with or ahead of the Notes. 	Section 5.1.21	70

1.3.2 Key risks associated with Westpac and the Westpac Group

Topic	Summary	Further information	Pages
Compliance and regulatory change	<ul style="list-style-type: none"> Westpac could be adversely affected by failing to comply with existing laws and regulations, or by changes in laws and regulations and regulatory policy. 	Section 5.2.1	71-72
Availability and cost of funding	<ul style="list-style-type: none"> Adverse credit and capital market conditions, or adverse changes to Westpac's credit ratings, may significantly affect the availability and cost of Westpac's funding. 	Sections 5.2.2 and 5.2.3	73-74
Financial market volatility	<ul style="list-style-type: none"> Westpac could be adversely affected by disruptions to global financial markets or other financial market volatility. 	Sections 5.2.4 and 5.2.9	74, 76

Topic	Summary	Further information	Pages
Economic conditions, asset values and credit losses	<ul style="list-style-type: none"> Economic disruptions or declines in asset values may cause Westpac to incur higher credit losses on lending and counterparty exposures. 	Sections 5.2.5, 5.2.6 and 5.2.7	74-75
Other risks	<ul style="list-style-type: none"> Westpac may be adversely affected by other events such as changes in competition, technology failures, fraud, supplier failures, environmental factors, or reputational damage. 	Sections 5.2.8, 5.2.10, 5.2.11, 5.2.12, 5.2.13 and 5.2.14	75-78

1.4 KEY DIFFERENCES BETWEEN WESTPAC CAPITAL NOTES AND OTHER WESTPAC INVESTMENTS OR PRODUCTS

Topic	Summary	Further information	Pages
1.4.1 Differences between savings accounts, term deposits, Westpac Subordinated Notes 2012, Westpac Capital Notes and Ordinary Shares	<ul style="list-style-type: none"> There are differences between savings accounts, term deposits, Westpac Subordinated Notes 2012, Westpac Capital Notes and Ordinary Shares. You should consider these differences in light of your investment objectives, financial situation and particular needs (including financial and taxation issues) before deciding to invest in the Westpac Capital Notes. 	See table below	15-16

	Westpac Savings Account	Westpac Term Deposit	Westpac Subordinated Notes 2012	Westpac Capital Notes	Ordinary Shares
ASX code	Not quoted on ASX	Not quoted on ASX	WBCHA	WBPCD ¹	WBC
Legal form	Deposit	Deposit	Unsecured subordinated debt obligation	Unsecured subordinated debt obligation	Ordinary share
Protection under the Banking Act or Financial Claims Scheme²	Yes ²	Yes ²	No	No	No
Term	At call (usually)	One month to five years (usually)	10 years ³	Perpetual with the first possible Scheduled Conversion Date in 8 years ⁴	Perpetual (no maturity date)

Note:

- Westpac has applied to have Westpac Capital Notes quoted on ASX and they are expected to trade under the code WBPCD.
- For deposits made from 1 February 2012 up to an amount per account holder per ADI of \$250,000.
- Subject to possible early redemption by Westpac in certain circumstances with APRA's prior written approval.
- Subject to possible early Redemption (with APRA's prior written approval), Transfer or Conversion in certain circumstances.

INVESTMENT OVERVIEW

	Westpac Savings Account	Westpac Term Deposit	Westpac Subordinated Notes 2012	Westpac Capital Notes	Ordinary Shares
Issuer early redemption option	No	No	Yes, on 23 August 2017 and each Interest Payment Date after that date, subject to APRA's prior written approval	Yes, on 8 March 2019, subject to APRA's prior written approval	No
Distribution/interest/dividend rate	Variable (usually)	Fixed (usually)	Floating	Floating	Variable dividends are payable
Distribution/interest/dividend payment frequency	Monthly (usually)	End of term or per annum or monthly	Quarterly	Quarterly	Semi-annually
Are Distributions/interest/dividends discretionary?	No	No	No – however, no distributions will be paid if Westpac is not solvent immediately before or would not be solvent immediately after payment	Yes	Yes
Transferable	No	No	Yes – quoted on ASX	Yes – quoted on ASX	Yes – quoted on ASX
Investor's ability to withdraw or redeem	Yes	Yes, subject to conditions	No	No	No
Ranking	See Section 1.1.13				
Conversion into Ordinary Shares	No	No	No	Yes, following the Scheduled Conversion Date, a Capital Trigger Event, a Non-Viability Trigger Event or an Acquisition Event, subject to certain conditions If a Capital Trigger Event or Non-Viability Trigger Event occurs and Conversion of Notes is not possible, all rights in relation to those Notes will be terminated	N/A

1.5 KEY FEATURES OF THE OFFER AND HOW TO APPLY

Topic	Summary	Further information	Pages
1.5.1 How is the Offer structured and who can apply?	<ul style="list-style-type: none"> The Offer consists of: <ul style="list-style-type: none"> a Securityholder Offer – to 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. Applications made by Eligible Securityholders may be scaled back by Westpac. There is no general public offer of the Notes. However, Westpac reserves the right to accept Applications from other persons at its discretion. 	Sections 3.1 and 3.2	49-51
1.5.2 How to apply?	<ul style="list-style-type: none"> For information on how to apply for the Notes, see Section 3 and the Application Forms. 	Section 3	48-54
1.5.3 What are the key dates for the Offer?	<ul style="list-style-type: none"> Please refer to page 3 for a list of important dates associated with the Offer, including the expected Opening Date, the Closing Dates, the Issue Date, the dates when deferred and normal settlement trading of the Notes will begin and the date by which Holding Statements will be dispatched to Holders. 	Important Dates	3
1.5.4 Is there a minimum amount to be raised?	<ul style="list-style-type: none"> No. The Offer is for the issue of Notes to raise approximately \$1.25 billion with the ability to raise more or less. 	Section 3.7.2	52
1.5.5 Is the Offer underwritten?	<ul style="list-style-type: none"> No. 	Section 7.4	89-91
1.5.6 Is there a minimum Application size?	<ul style="list-style-type: none"> Yes. Applications must be for a minimum of 50 Notes (\$5,000), and in increments of 10 Notes thereafter (\$1,000). 	Section 3.1	49
1.5.7 Is brokerage or stamp duty payable?	<ul style="list-style-type: none"> No brokerage or stamp duty is payable to Westpac on your Application. You may have to pay brokerage on any subsequent trading of your Notes on ASX after the Notes have been quoted on ASX. 	Section 3.5	52

INVESTMENT OVERVIEW

Topic	Summary	Further information	Pages
1.5.8 What are the tax implications of investing in the Westpac Capital Notes?	<ul style="list-style-type: none">A general description of the Australian taxation consequences of investing in Notes is set out in the Taxation Letter from Allens in Section 6.	Section 6	79-86
1.5.9 How will I receive confirmation of my Allocation?	<ul style="list-style-type: none">Westpac will announce the basis of Allocation by placing advertisements in major national and metropolitan newspapers in Australia on or before 12 March 2013.If you are a Broker Firm Applicant you should contact your Syndicate Broker to find out your Allocation.If you have applied under the Securityholder Offer, you should call the Westpac Capital Notes Information Line (Monday to Friday, 8.30am to 5.30pm, Sydney time) on 1300 133 814 to find out your Allocation.	Sections 3.7.1 and 3.7.2	52

2

INFORMATION ABOUT WESTPAC CAPITAL NOTES

The following is an overview of the key terms of the Westpac Capital Notes.

The full Westpac Capital Notes Terms are contained in Appendix B. Rights and liabilities attaching to the Notes may also arise under the Corporations Act, ASX Listing Rules and other applicable laws.

It is important that you read this Prospectus and the Westpac Capital Notes Terms in full before deciding to invest in the Notes. If you have any questions, you should seek advice from your financial adviser or other professional adviser before deciding to invest.

INFORMATION ABOUT WESTPAC CAPITAL NOTES

This Section sets out:

- 2.1 Description of the Westpac Capital Notes
- 2.2 Distributions
- 2.3 Use of proceeds
- 2.4 Conversion on the Scheduled Conversion Date
- 2.5 Conversion other than on the Scheduled Conversion Date
- 2.6 Redemption or Transfer prior to the Scheduled Conversion Date
- 2.7 Regulatory treatment of the Westpac Capital Notes
- 2.8 Return on your investment generally
- 2.9 Ranking and voting rights of the Westpac Capital Notes
- 2.10 Comparison of the Westpac Capital Notes with certain other Westpac Tier 1 Capital Securities
- 2.11 Payment for Westpac Capital Notes
- 2.12 No set off against other amounts owed
- 2.13 Notes Deed Poll
- 2.14 Additional information

2.1 DESCRIPTION OF THE WESTPAC CAPITAL NOTES

Topic	Summary	Further information	Pages
2.1.1 What are the Westpac Capital Notes?	<p>The Westpac Capital Notes are fully paid, non-cumulative, convertible, transferable, redeemable, subordinated, perpetual, unsecured notes issued by Westpac, which, if they are on issue at the time, rank for payment in priority to Ordinary Shares in a Winding Up.</p> <p>The Notes:</p> <ul style="list-style-type: none"> • offer Holders non-cumulative, floating rate Distributions payable quarterly in arrear, which are expected to be fully franked. Distributions are discretionary and only payable subject to the satisfaction of the Distribution Payment Conditions; • will be Converted into Ordinary Shares on the Scheduled Conversion Date¹ subject to the Scheduled Conversion Conditions being satisfied; • are subject to earlier Conversion upon: <ul style="list-style-type: none"> – a Capital Trigger Event (without the Scheduled Conversion Conditions needing to be satisfied); – a Non-Viability Trigger Event (without the Scheduled Conversion Conditions needing to be satisfied); or – an Acquisition Event (subject to the Second Scheduled Conversion Condition, as it applies to an Acquisition Event, being satisfied); 	Sections 2.2, 2.4, 2.5, 2.6 and 2.9.1	22-38, 41

Note:

1. The first possible Scheduled Conversion Date will be 8 March 2021 – see clause 4.1 of the Westpac Capital Notes Terms.

For personal use only

Topic	Summary	Further information	Pages
<p>2.1.1 What are the Westpac Capital Notes? (continued)</p>	<ul style="list-style-type: none"> • may be Redeemed at the election of Westpac in certain circumstances including: <ul style="list-style-type: none"> – on 8 March 2019 (the “Optional Redemption/ Transfer Date”); – following a Franking Event, Tax Event or Regulatory Event, provided that Westpac has obtained a supporting opinion of reputable legal counsel or other tax adviser (as applicable), experienced in such matters, or, in the case of a Regulatory Event, confirmation from APRA; <p>Such Redemptions are subject to Westpac receiving APRA’s prior written approval. There can be no certainty that APRA will provide its prior written approval; and</p> <ul style="list-style-type: none"> • may be Transferred at Westpac’s election on 8 March 2019 (the “Optional Redemption/ Transfer Date”). <p>Ranking</p> <p>In a Winding Up, if the Notes:</p> <ul style="list-style-type: none"> • are on issue at the time, the Notes will rank in priority to Ordinary Shares, and equally with Equal Ranking Capital Securities (which currently include TPS 2003, TPS 2004, Westpac TPS, Westpac SPS, Westpac SPS II and Westpac CPS) and subordinated to claims of Senior Creditors; or • have been Converted into Ordinary Shares, Holders will become holders of Ordinary Shares and will rank equally with other holders of Ordinary Shares. 		
<p>2.1.2 Can Westpac Capital Notes be traded on ASX?</p>	<p>Westpac has applied for the Notes to be quoted on ASX. It is expected that the Notes will trade under ASX code ‘WBCPD’ however quotation is not guaranteed. If ASX does not grant permission for the Notes to be quoted, then the Notes will not be issued and all Application Payments will be refunded (without interest) to Applicants as soon as possible.</p> <p>If the Notes are quoted on ASX you will be able to buy or sell Notes through your broker at the market price at the time. The market price of the Notes may fluctuate due to a number of factors. There can be no assurances as to what that price will be.</p>	<p>Sections 3.8.1 and 5.1.3</p>	<p>52, 64-65</p>

INFORMATION ABOUT WESTPAC CAPITAL NOTES

Topic	Summary	Further information	Pages
2.1.3 How do you find out your Allocation of Westpac Capital Notes?	If you are a Broker Firm Applicant and wish to find out your Allocation of Notes prior to receiving your Holding Statement, you should contact your Syndicate Broker. Eligible Securityholder Applicants should call the Westpac Capital Notes Information Line (Monday to Friday, 8.30am to 5.30pm, Sydney time) on 1300 133 814.	Section 3.8.2	53
2.1.4 Are Westpac Capital Notes perpetual?	The Notes are perpetual instruments that may only be Converted, Redeemed or Transferred in accordance with the Westpac Capital Notes Terms.	Westpac Capital Notes Terms clause 1.1	111
2.1.5 What are the taxation consequences of investing in, holding or disposing of Westpac Capital Notes?	<p>General information about the taxation consequences of investing in the Notes is included in the Taxation Letter from Allens in Section 6.</p> <p>The taxation consequences of investing in the Notes will depend on your individual circumstances. You should obtain your own taxation advice before you invest in, hold, or dispose of Notes.</p>	Section 6	79-86

2.2 DISTRIBUTIONS

Topic	Summary	Further information	Pages
2.2.1 What are Distributions?	<p>Distributions on Notes are based on the Distribution Rate and are expected to be paid quarterly in arrear. Distributions are discretionary, non-cumulative and only payable subject to the satisfaction of the Distribution Payment Conditions.</p> <p>Distributions are expected to be fully franked and accordingly Holders are expected to receive cash Distributions and franking credits.</p>	Westpac Capital Notes Terms clause 3	111-113

Topic	Summary	Further information	Pages								
2.2.2 How will the Distribution Rate be determined?	The Distribution Rate is a floating rate and will be set on the first Business Day of each Distribution Period using the following formula:	Westpac Capital Notes Terms clause 3.1	111-112								
	<table border="1"> <tr> <td>Distribution Rate</td> <td>(90 day Bank Bill Rate + Margin) × (1 – Tax Rate)</td> </tr> <tr> <td>90 day Bank Bill Rate</td> <td>The 90 day Bank Bill Rate on the first Business Day of the Distribution Period (except for the first Distribution Period, where the 90 day Bank Bill Rate will be determined on the Issue Date)</td> </tr> <tr> <td>Margin</td> <td>The Margin is 3.20% per annum</td> </tr> <tr> <td>Tax Rate</td> <td>The Australian corporate tax rate applicable to the franking account of Westpac as at the relevant Distribution Payment Date expressed as a decimal. As at the date of this Prospectus, the relevant Tax Rate is 30% or, expressed as a decimal in the formula, 0.30</td> </tr> </table>			Distribution Rate	(90 day Bank Bill Rate + Margin) × (1 – Tax Rate)	90 day Bank Bill Rate	The 90 day Bank Bill Rate on the first Business Day of the Distribution Period (except for the first Distribution Period, where the 90 day Bank Bill Rate will be determined on the Issue Date)	Margin	The Margin is 3.20% per annum	Tax Rate	The Australian corporate tax rate applicable to the franking account of Westpac as at the relevant Distribution Payment Date expressed as a decimal. As at the date of this Prospectus, the relevant Tax Rate is 30% or, expressed as a decimal in the formula, 0.30
	Distribution Rate			(90 day Bank Bill Rate + Margin) × (1 – Tax Rate)							
	90 day Bank Bill Rate			The 90 day Bank Bill Rate on the first Business Day of the Distribution Period (except for the first Distribution Period, where the 90 day Bank Bill Rate will be determined on the Issue Date)							
	Margin			The Margin is 3.20% per annum							
Tax Rate	The Australian corporate tax rate applicable to the franking account of Westpac as at the relevant Distribution Payment Date expressed as a decimal. As at the date of this Prospectus, the relevant Tax Rate is 30% or, expressed as a decimal in the formula, 0.30										
As an example, given the Margin of 3.20% per annum, if the 90 day Bank Bill Rate on the Issue Date is the same as on 5 February 2013 and assuming that the Distribution will be fully franked, the Distribution Rate for the first Distribution Period from (but excluding) the Issue Date to (and including) 8 June 2013 would be calculated as follows ¹ :											
<table border="1"> <tr> <td>90 day Bank Bill Rate at 5 February 2013</td> <td>2.9367% per annum</td> </tr> <tr> <td>Plus the Margin</td> <td>3.2000% per annum</td> </tr> <tr> <td></td> <td>6.1367% per annum</td> </tr> <tr> <td>Multiplied by (1 – Tax Rate)</td> <td>× 0.70</td> </tr> <tr> <td>Distribution Rate</td> <td>4.2957% per annum</td> </tr> </table>	90 day Bank Bill Rate at 5 February 2013	2.9367% per annum	Plus the Margin	3.2000% per annum		6.1367% per annum	Multiplied by (1 – Tax Rate)	× 0.70	Distribution Rate	4.2957% per annum	
90 day Bank Bill Rate at 5 February 2013	2.9367% per annum										
Plus the Margin	3.2000% per annum										
	6.1367% per annum										
Multiplied by (1 – Tax Rate)	× 0.70										
Distribution Rate	4.2957% per annum										

Note:

1. The calculation of the Distribution Rate will be rounded to four decimal places. The Distribution Rate above is for illustrative purposes only and does not indicate the actual Distribution Rate. It is not a guarantee or forecast of the actual Distribution Rate that may be achieved. The actual Distribution Rate may be higher or lower than this and may vary each Distribution Period depending on the applicable 90 day Bank Bill Rate, the Margin and the Tax Rate.

INFORMATION ABOUT WESTPAC CAPITAL NOTES

Topic	Summary	Further information	Pages												
2.2.2 How will the Distribution Rate be determined? (continued)	<p>Impact of franking credits</p> <p>Distributions are expected to be fully franked and accordingly Holders are expected to receive cash Distributions and franking credits. The franking credits represent each Holder's share of tax paid by Westpac on the profits from which the cash Distribution is paid. If the potential value of the franking credits is taken into account in full, the Distribution Rate of 4.2957% per annum in the example above would be equivalent to an unfranked Distribution Rate of approximately 6.1367% per annum. However, you should be aware that the potential value of the franking credits does not accrue to you at the same time as you receive the cash Distribution.</p> <p>You should also be aware that your ability to use the franking credits, either as an offset to your tax liability or by claiming a refund after the end of the year of income, will depend on your individual tax position. You should seek professional advice in relation to your tax position. Investors should also refer to the Taxation Letter from Allens in Section 6.</p>														
2.2.3 How will Distributions be calculated?	<p>Distributions will be calculated as follows:</p> <table border="1"> <thead> <tr> <th colspan="2">$\frac{\text{Distribution Rate} \times \text{Face Value} \times N}{365}$</th> </tr> </thead> <tbody> <tr> <td>Distribution Rate</td> <td>See Section 2.2.2</td> </tr> <tr> <td>Face Value</td> <td>\$100 per Westpac Capital Note</td> </tr> <tr> <td>N</td> <td>The number of days in the Distribution Period</td> </tr> <tr> <td>Distribution Period</td> <td>The period from (but excluding) the previous Distribution Payment Date, or from (but excluding) the Issue Date in the case of the first Distribution Period, to (and including) the next Distribution Payment Date</td> </tr> <tr> <td>Distribution Payment Date</td> <td>See Section 2.2.9</td> </tr> </tbody> </table>	$\frac{\text{Distribution Rate} \times \text{Face Value} \times N}{365}$		Distribution Rate	See Section 2.2.2	Face Value	\$100 per Westpac Capital Note	N	The number of days in the Distribution Period	Distribution Period	The period from (but excluding) the previous Distribution Payment Date, or from (but excluding) the Issue Date in the case of the first Distribution Period, to (and including) the next Distribution Payment Date	Distribution Payment Date	See Section 2.2.9	Westpac Capital Notes Terms clause 3.1	111-112
$\frac{\text{Distribution Rate} \times \text{Face Value} \times N}{365}$															
Distribution Rate	See Section 2.2.2														
Face Value	\$100 per Westpac Capital Note														
N	The number of days in the Distribution Period														
Distribution Period	The period from (but excluding) the previous Distribution Payment Date, or from (but excluding) the Issue Date in the case of the first Distribution Period, to (and including) the next Distribution Payment Date														
Distribution Payment Date	See Section 2.2.9														

Topic	Summary	Further information	Pages										
2.2.3 How will Distributions be calculated? (continued)	<p>As an example, if the franked¹ Distribution Rate was 4.2957% per annum as calculated in Section 2.2.2, then the cash amount of the Distribution on each Note for a typical Distribution Period would be calculated as follows^{2,3}:</p> <table border="1"> <tr> <td>Distribution Rate</td> <td>4.2957% per annum</td> </tr> <tr> <td>Multiplied by the Face Value</td> <td>× \$100</td> </tr> <tr> <td>Multiplied by the number of days in the Distribution Period (N)</td> <td>× 90</td> </tr> <tr> <td>Divided by</td> <td>÷ 365</td> </tr> <tr> <td>Cash amount of Distribution</td> <td>\$1.0592</td> </tr> </table>	Distribution Rate	4.2957% per annum	Multiplied by the Face Value	× \$100	Multiplied by the number of days in the Distribution Period (N)	× 90	Divided by	÷ 365	Cash amount of Distribution	\$1.0592		
Distribution Rate	4.2957% per annum												
Multiplied by the Face Value	× \$100												
Multiplied by the number of days in the Distribution Period (N)	× 90												
Divided by	÷ 365												
Cash amount of Distribution	\$1.0592												
2.2.4 Will Distributions be fully franked?	Westpac expects, but does not guarantee, that Distributions will be fully franked. If there is a change in the Tax Rate, the Distribution Rate will change accordingly.	Westpac Capital Notes Terms clauses 3.1 and 3.2	111-112										
2.2.5 Will Holders receive franking credits in respect of Distributions?	It is expected that Holders will receive franking credits in respect of Distributions (other than where a Holder's lack of entitlement to franking credits is a result of an act by, or circumstance affecting, the Holder). Westpac has applied for a public Class Ruling on behalf of Australian resident Holders which should confirm the ability of Holders to utilise the franking credits attached to those Distributions, subject to satisfaction of certain criteria.	Section 6	79-86										

Note:

1. Australian resident taxpayers may be entitled to utilise franking credits. Australian resident taxpayers that are individuals or complying superannuation entities may be entitled to a refund of excess franking credits. Investors should seek professional advice in relation to their tax position. Reference should also be made to the Taxation Letter from Allens in Section 6.
2. Distribution Periods will generally have 90-92 days in them.
3. All calculations of payments will be rounded to four decimal places. Any fraction of a cent is disregarded when paying Distributions on a Holder's aggregate holding of Westpac Capital Notes. The Distribution Rate on which this calculation is based, and the Distribution, are for illustrative purposes only and do not indicate the actual Distribution Rate or Distribution. It is not a guarantee or forecast of the actual Distribution that may be obtained.

INFORMATION ABOUT WESTPAC CAPITAL NOTES

Topic	Summary	Further information	Pages								
2.2.6 What happens if Distributions are not fully franked?	<p>If a Distribution is not fully franked (other than because of an act by, or circumstance affecting, the particular Holder), then the amount of the Distribution entitlement would be adjusted to compensate for the unfranked amount.</p> <p>The formula for determining the adjusted Distribution is:</p> <table border="1"> <thead> <tr> <th>Adjusted Distribution</th> <th>Distribution $1 - [\text{Tax Rate} \times (1 - \text{Franking Rate})]$</th> </tr> </thead> <tbody> <tr> <td>Distribution</td> <td>The Distribution entitlement for that Distribution Period prior to adjustment – see Section 2.2.3</td> </tr> <tr> <td>Tax Rate</td> <td>See Section 2.2.2</td> </tr> <tr> <td>Franking Rate</td> <td>The percentage of the adjusted Distribution that would carry franking credits</td> </tr> </tbody> </table>	Adjusted Distribution	Distribution $1 - [\text{Tax Rate} \times (1 - \text{Franking Rate})]$	Distribution	The Distribution entitlement for that Distribution Period prior to adjustment – see Section 2.2.3	Tax Rate	See Section 2.2.2	Franking Rate	The percentage of the adjusted Distribution that would carry franking credits	Westpac Capital Notes Terms clause 3.2	112
Adjusted Distribution	Distribution $1 - [\text{Tax Rate} \times (1 - \text{Franking Rate})]$										
Distribution	The Distribution entitlement for that Distribution Period prior to adjustment – see Section 2.2.3										
Tax Rate	See Section 2.2.2										
Franking Rate	The percentage of the adjusted Distribution that would carry franking credits										
2.2.7 Will the Margin change?	No. The Margin will not change from 3.20% per annum.	Westpac Capital Notes Terms clause 3.1	111-112								
2.2.8 What is the 90 day Bank Bill Rate?	The 90 day Bank Bill Rate is a key benchmark interest rate for the Australian money market. It is based on an average of rates at which major Australian financial institutions lend short-term cash to each other over a 90-day period. This rate changes to reflect the supply and demand within the cash and currency markets.	Westpac Capital Notes Terms clause 3.1	111-112								
2.2.9 When will Distributions be paid?	<p>Distributions are payable quarterly in arrear on the Distribution Payment Dates, subject to satisfaction of the Distribution Payment Conditions.</p> <p>The Distribution Payment Dates are:</p> <ul style="list-style-type: none"> each 8 March, 8 June, 8 September and 8 December of each year commencing on 8 June 2013, until the Notes are Converted or Redeemed; and on the Conversion Date or the Redemption Date, if either date is not 8 March, 8 June, 8 September or 8 December. <p>If a Distribution Payment Date is not a Business Day, then the Distribution will be paid on the next Business Day (without any interest in respect of the delay).</p> <p>The first Distribution Period runs from (but excluding) the Issue Date to (and including) 8 June 2013.</p>	Westpac Capital Notes Terms clause 3.5	112								

Topic	Summary	Further information	Pages
2.2.9 When will Distributions be paid? (continued)	<p>Thereafter, each Distribution Period runs from (but excluding) the previous Distribution Payment Date to (and including) the next Distribution Payment Date. The Distribution Rate for the first Distribution Period will be determined on the Issue Date.</p> <p>After the first Distribution Period, the Distribution Rate will be determined on the first Business Day of each Distribution Period.</p> <p>Distributions will be paid to persons who are Holders on the Record Date in respect of the Distribution.</p>		
2.2.10 How will Distributions be paid?	<p>Distributions will be paid in Australian dollars. Westpac will only pay Distributions directly into an Australian dollar account of a financial institution. If you are Allotted any Notes, when you are sent your Holding Statement you will receive a form on which you should provide your Australian dollar financial institution account details.</p> <p>If you do not provide these account details to the Registry, or if any Distribution paid to you is unsuccessful, then you will be sent a notice advising you of the amount of the Distribution. In that case the funds will be held in a bank account (maintained by Westpac) as a non-interest bearing deposit until such time as you provide appropriate account details or Westpac is entitled to or obliged to deal with the amount in accordance with the law relating to unclaimed money.</p> <p>Westpac reserves the right to vary the way in which any Distribution is paid in accordance with the Westpac Capital Notes Terms (provided that Distributions must always be paid in cash).</p>	<p>Section 3.9.1 Westpac Capital Notes Terms clause 10</p>	<p>53, 123-124</p>
2.2.11 Will Distributions always be paid?	<p>Distributions are discretionary, non-cumulative and are only payable subject to satisfaction of the Distribution Payment Conditions, being:</p> <ul style="list-style-type: none"> • Westpac's absolute discretion; • the payment of the Distribution not resulting in a breach of Westpac's capital requirements under APRA's prudential standards as they are applied to the Westpac Group at the time of the payment; • the payment of the Distribution not resulting in Westpac becoming, or being likely to become, insolvent; and • APRA not otherwise objecting to the payment. <p>Distributions will also be subject to the Corporations Act and any other law regulating the payment of Distributions.</p>	<p>Westpac Capital Notes Terms clause 3.3</p>	<p>112</p>

INFORMATION ABOUT WESTPAC CAPITAL NOTES

Topic	Summary	Further information	Pages
2.2.12 What happens if a Distribution is not paid in full?	Payments of Distributions are within the absolute discretion of Westpac and are non-cumulative. If a Distribution is not paid in full because the Distribution Payment Conditions are not satisfied or because of any other reason, Holders will not be entitled to receive the unpaid portion of that Distribution. No interest accrues on any unpaid Distributions and Westpac has no liability to the Holder and the Holder has no claim in respect of such non-payment.	Westpac Capital Notes Terms clause 3.4	112
2.2.13 What is the consequence for Westpac if a Distribution is not paid?	<p>If for any reason a Distribution has not been paid in full on the relevant Distribution Payment Date, Westpac must not (other than in certain limited circumstances):</p> <ul style="list-style-type: none"> • determine or pay any Dividends; or • undertake any discretionary Buy Back or Capital Reduction, <p>unless the amount of the unpaid Distribution is paid in full within 20 Business Days of that Distribution Payment Date or:</p> <p>(a) all Notes have been Converted or Redeemed;</p> <p>(b) on a subsequent Distribution Payment Date, a Distribution for the subsequent Distribution Period is paid in full; or</p> <p>(c) a Special Resolution of the Holders has been passed approving such action,</p> <p>and, in respect of the actions contemplated by paragraphs (a), (b) and (c), APRA does not otherwise object.</p>	Westpac Capital Notes Terms clauses 3.7 and 3.8	113

2.3 USE OF PROCEEDS

Topic	Summary	Further information	Pages
2.3.1 Why is Westpac issuing the Westpac Capital Notes?	Westpac is issuing the Notes to raise regulatory capital which satisfies the requirements of APRA. The proceeds received under the Offer will be used by Westpac for general business purposes.	Section 4.2.4	59-60

2.4 CONVERSION ON THE SCHEDULED CONVERSION DATE

Topic	Summary	Further information	Pages
2.4.1 What is Conversion?	<p>Conversion means the conversion of the Notes into a variable number of Ordinary Shares in accordance with the formula contained in clause 8.1(a) of the Westpac Capital Notes Terms.</p> <p>On Conversion of a Note, the Holder's rights (including to Distributions) in relation to that Note will be immediately and irrevocably terminated. However, the Holder will be issued with Ordinary Shares that will have the same rights as other Ordinary Shares on issue at the relevant time.</p>	Westpac Capital Notes Terms clause 8	118-121
2.4.2 When is Conversion expected to occur?	The Notes do not have a maturity date but have a Scheduled Conversion Date. Conversion is expected to occur on the Scheduled Conversion Date.	Westpac Capital Notes Terms clause 4.1	113
2.4.3 When is the Scheduled Conversion Date?	<p>The Scheduled Conversion Date will be the earlier of:</p> <ul style="list-style-type: none"> • 8 March 2021; and • the first Distribution Payment Date after 8 March 2021, <p>on which the Scheduled Conversion Conditions are satisfied.</p>	Westpac Capital Notes Terms clause 4.1	113

INFORMATION ABOUT WESTPAC CAPITAL NOTES

Topic	Summary	Further information	Pages
2.4.4 What are the Scheduled Conversion Conditions?	<p>The Scheduled Conversion Conditions in relation to a potential Scheduled Conversion Date are satisfied where:</p> <ul style="list-style-type: none"> • First Scheduled Conversion Condition: The VWAP of Ordinary Shares on the 25th Business Day before (but not including) the potential Scheduled Conversion Date is greater than 56.12% of the Issue Date VWAP; and • Second Scheduled Conversion Condition: The VWAP of Ordinary Shares during the 20 Business Days before (but not including) the potential Scheduled Conversion Date is greater than 50.51% of the Issue Date VWAP. <p>The following diagram illustrates the timeframes that are relevant for the Scheduled Conversion Conditions using the date 8 March 2021 as a potential Scheduled Conversion Date. These dates are indicative only and may change.</p>	<p>Westpac Capital Notes Terms clause 4.2</p>	<p>113-114</p>
2.4.5 What is the purpose of the Scheduled Conversion Conditions?	<p>The Scheduled Conversion Conditions are intended to ensure that upon Conversion on the Scheduled Conversion Date, Holders will receive Ordinary Shares worth approximately \$101.01 per Note (based on the initial Face Value of \$100 and the volume weighted average price of Ordinary Shares during the 20 Business Days before the Scheduled Conversion Date, with the benefit of a 1% discount).</p>	<p>Westpac Capital Notes Terms clause 4.2</p>	<p>113-114</p>
2.4.6 What happens if the Scheduled Conversion Conditions are not satisfied?	<p>If the Scheduled Conversion Conditions are not satisfied on 8 March 2021, Conversion will not occur until the next Distribution Payment Date on which the Scheduled Conversion Conditions are satisfied.</p>	<p>Westpac Capital Notes Terms clauses 4.1 and 4.2</p>	<p>113-114</p>

Topic	Summary	Further information	Pages								
<p>2.4.7 What is the VWAP and the Issue Date VWAP?</p>	<p>In general terms, VWAP refers to the average of the daily volume weighted average sale prices of Ordinary Shares sold on ASX during the relevant period.</p> <p>The Issue Date VWAP means the VWAP of Ordinary Shares during the 20 Business Days on which trading in Ordinary Shares took place immediately preceding (but not including) the Issue Date (as adjusted in accordance with the Westpac Capital Notes Terms).</p> <p>The satisfaction of the Scheduled Conversion Conditions on a potential Scheduled Conversion Date will depend on the price of Ordinary Shares. For example, if the Issue Date VWAP is \$26.00, then, for the First Scheduled Conversion Condition and Second Scheduled Conversion Condition to be satisfied:</p> <ul style="list-style-type: none"> the VWAP for the First Scheduled Conversion Condition would need to be at least \$14.60 (56.12% of the Issue Date VWAP); and the VWAP for the Second Scheduled Conversion Condition would need to be at least \$13.14 (50.51% of the Issue Date VWAP). <p>This example is for illustrative purposes only and does not indicate whether or not the Scheduled Conversion Conditions will actually be satisfied in respect of a potential Scheduled Conversion Date.</p>	<p>Westpac Capital Notes Terms clauses 8 and 15.2 (definition of “Issue Date VWAP” and “VWAP”)</p>	<p>118-121, 131, 134</p>								
<p>2.4.8 How many Ordinary Shares will I receive if the Westpac Capital Notes are Converted?</p>	<p>Upon Conversion, Holders will receive for each Note they hold a variable number of Ordinary Shares calculated using the following formula:</p> <table border="1" data-bbox="446 1456 1037 1870"> <thead> <tr> <th colspan="2" data-bbox="446 1456 1037 1534" style="text-align: center;"><u>Face Value</u> 0.99¹ × VWAP</th> </tr> </thead> <tbody> <tr> <td data-bbox="446 1534 630 1579">Face Value</td> <td data-bbox="630 1534 1037 1579">\$100 per Westpac Capital Note</td> </tr> <tr> <td data-bbox="446 1579 630 1624">VWAP</td> <td data-bbox="630 1579 1037 1624">The VWAP during the VWAP Period</td> </tr> <tr> <td data-bbox="446 1624 630 1870">VWAP Period</td> <td data-bbox="630 1624 1037 1870">In the case of a Scheduled Conversion the period of 20 Business Days on which trading in Ordinary Shares took place immediately preceding (but not including) the Scheduled Conversion Date</td> </tr> </tbody> </table> <p>Where the total number of Ordinary Shares to be issued to a Holder in respect of all of that Holder’s Notes being Converted includes a fraction, that fraction will be disregarded.</p>	<u>Face Value</u> 0.99¹ × VWAP		Face Value	\$100 per Westpac Capital Note	VWAP	The VWAP during the VWAP Period	VWAP Period	In the case of a Scheduled Conversion the period of 20 Business Days on which trading in Ordinary Shares took place immediately preceding (but not including) the Scheduled Conversion Date	<p>Westpac Capital Notes Terms clause 8.1</p>	<p>118-119</p>
<u>Face Value</u> 0.99¹ × VWAP											
Face Value	\$100 per Westpac Capital Note										
VWAP	The VWAP during the VWAP Period										
VWAP Period	In the case of a Scheduled Conversion the period of 20 Business Days on which trading in Ordinary Shares took place immediately preceding (but not including) the Scheduled Conversion Date										

Note:

1. This reflects a conversion discount of 1% (or 0.01 expressed as a decimal).

INFORMATION ABOUT WESTPAC CAPITAL NOTES

Topic	Summary	Further information	Pages
2.4.9 Is there a limit on the number of Ordinary Shares I will receive on a Scheduled Conversion Date?	Yes. The Terms provide that the number of Ordinary Shares that may be issued on Conversion is subject to a Maximum Conversion Number. However, due to the operation of the Scheduled Conversion Conditions, it is not possible for Conversion to occur if the Maximum Conversion Number would be exceeded. This means that if the Scheduled Conversion Conditions are met and Conversion does occur on a Scheduled Conversion Date, Holders will always receive a number of Ordinary Shares that is less than the Maximum Conversion Number. This is intended to ensure that upon Conversion on a Scheduled Conversion Date, Holders will receive Ordinary Shares worth approximately \$101.01 per Note and not some lesser value.	Sections 2.4.4 and 2.4.5 Westpac Capital Notes Terms clauses 4.2(a) and 8.1	30, 113-114, 118-119

2.5 CONVERSION OTHER THAN ON THE SCHEDULED CONVERSION DATE

Topic	Summary	Further information	Pages
2.5.1 Conversion following an Acquisition Event	Westpac must Convert all (but not some only) of the Notes following an Acquisition Event.	Westpac Capital Notes Terms clause 5.7	116
2.5.2 When will an Acquisition Event occur?	<p>An Acquisition Event will occur where:</p> <ul style="list-style-type: none"> • a takeover bid is made for Ordinary Shares and the offer is, or becomes, unconditional and the bidder has a relevant interest in more than 50% of the Ordinary Shares on issue; or • a court orders the holding of one or more meetings to approve a scheme of arrangement under Part 5.1 of the Corporations Act, which scheme would result in a person having a relevant interest in more than 50% of the Ordinary Shares that will be on issue after the scheme is implemented and either: <ul style="list-style-type: none"> – the relevant classes of members of Westpac pass a resolution approving the scheme; or – an independent expert issues a report that the proposals in connection with the scheme are in the best interests of the holders of Ordinary Shares; or – Holders are treated as being a separate class for the purposes of a scheme of arrangement in respect of the replacement of Westpac as the ultimate holding company of the Westpac Group. <p>However, an Acquisition Event will not have occurred where Westpac is replaced as the ultimate holding company of the Westpac Group by an Approved Successor in accordance with the Westpac Capital Notes Terms.</p>	Westpac Capital Notes Terms clause 15.2 (definition of “Acquisition Event”)	128-129

Topic	Summary	Further information	Pages
2.5.3 What conditions apply to Conversion following an Acquisition Event?	The Second Scheduled Conversion Condition is deemed to apply following an Acquisition Event such that Conversion will not occur unless the VWAP of Ordinary Shares during the 20 Business Days before (but not including) the Acquisition Event Conversion Date is greater than 20.20% of the Issue Date VWAP.	Westpac Capital Notes Terms clauses 4.2(a)(ii) and 5.7(b)	114, 116
2.5.4 How many Ordinary Shares will I receive on Conversion following an Acquisition Event?	If Notes are Converted following an Acquisition Event, Holders will receive a variable number of Ordinary Shares on the Conversion Date equal to the Conversion Number calculated in the same manner as if Conversion was occurring on the Scheduled Conversion Date (see Section 2.4.8), subject to the following adjustments: <ul style="list-style-type: none"> the VWAP Period will be 20 Business Days on which trading in Ordinary Shares took place immediately preceding, but not including, the Acquisition Event Conversion Date; the First Scheduled Conversion Condition will not apply; and the Second Scheduled Conversion Condition will be applied as if the reference to 50.51% were a reference to 20.20%. 	Westpac Capital Notes Terms clauses 5.7(b) and 8	116, 118-121
2.5.5 Is there a limit on the number of Ordinary Shares I will receive on Conversion following an Acquisition Event?	Yes. The Terms provide that the number of Ordinary Shares that may be issued on Conversion is subject to a Maximum Conversion Number. However, due to the operation of the Second Scheduled Conversion Condition (as it applies to an Acquisition Event), it is not possible for Conversion to occur if the Maximum Conversion Number would be exceeded. This means that if the Second Scheduled Conversion Condition is met and therefore Conversion does occur on the Acquisition Event Conversion Date, Holders will always receive a number of Ordinary Shares that is less than the Maximum Conversion Number. This is intended to ensure that upon Conversion on an Acquisition Event Conversion Date, Holders will receive Ordinary Shares worth approximately \$101.01 per Note and not some lesser value.	Sections 2.4.4 and 2.4.5 Westpac Capital Notes Terms clauses 4.2(a)(ii), 5.7(b) and 8.1	30, 114, 116, 118-119
2.5.6 Conversion following a Capital Trigger Event or a Non-Viability Trigger Event	Some or all of the Notes must also be Converted immediately following: <ul style="list-style-type: none"> a Capital Trigger Event; or a Non-Viability Trigger Event. <p>The proportion of Notes that will be Converted in these circumstances may be determined by APRA (in the case of a Non-Viability Trigger Event) or be dependent on restoration of Westpac's Common Equity Tier 1 Capital Ratio to above 5.125% (on a Level 1 or Level 2 basis) (in the case of a Capital Trigger Event).</p>	Westpac Capital Notes Terms clauses 5.1 and 5.2	114-115

INFORMATION ABOUT WESTPAC CAPITAL NOTES

Topic	Summary	Further information	Pages
2.5.7 When will a Capital Trigger Event occur?	<p>A Capital Trigger Event will occur when Westpac determines, or APRA notifies Westpac in writing that it believes, Westpac's Common Equity Tier 1 Capital Ratio is equal to or less than 5.125% on either a Level 1 or Level 2 basis.</p> <p>Under Basel III, Westpac's estimated Common Equity Tier 1 Capital Ratio on a Level 2 basis was 8.16% at 30 September 2012, which equated to a surplus of more than \$9.3 billion above the Common Equity Tier 1 Capital Ratio of 5.125% (applicable to a Capital Trigger Event) on 30 September 2012. Under Basel III, Westpac's estimated Common Equity Tier 1 Capital Ratio on a Level 1 basis was slightly lower at 8.15%, which was also considerably above the Capital Trigger Event level of 5.125%.</p>	Westpac Capital Notes Terms clause 15.2 (definition of "Capital Trigger Event")	130
2.5.8 When will a Non-Viability Trigger Event occur?	<p>A Non-Viability Trigger Event will occur when APRA notifies Westpac in writing that it believes Conversion of some or all Notes (or conversion or write-down of other capital instruments of the Westpac Group) or a public sector injection of capital, or equivalent support, is necessary because, without it, Westpac would become non-viable.</p> <p>Whether a Non-Viability Trigger Event will occur is at the discretion of APRA and there are currently no Australian precedents for this.</p>	Westpac Capital Notes Terms clause 15.2 (definition of "Non-Viability Trigger Event")	132
2.5.9 Do the Scheduled Conversion Conditions apply following a Capital Trigger Event or Non-Viability Trigger Event?	<p>No, the Scheduled Conversion Conditions do not need to be satisfied following a Capital Trigger Event or Non-Viability Trigger Event. Conversion must occur following such events.</p>	Westpac Capital Notes Terms clause 5.3	115

Topic	Summary	Further information	Pages
<p>2.5.10 How many Ordinary Shares will I receive on Conversion following a Capital Trigger Event or Non-Viability Trigger Event?</p>	<p>Conversion as a result of a Capital Trigger Event or a Non-Viability Trigger Event is not subject to the Scheduled Conversion Conditions.</p> <p>If Notes are Converted following a Capital Trigger Event or Non-Viability Trigger Event then in respect of each Note that is Converted, Holders will receive a number of Ordinary Shares equal to the lower of:</p> <ul style="list-style-type: none"> • the Maximum Conversion Number; and • the Conversion Number calculated in the same manner as if Conversion was occurring on the Scheduled Conversion Date (see Section 2.4.8), subject to the following amendments: <ul style="list-style-type: none"> – the VWAP Period will be the 5 Business Days in which trading of Ordinary Shares took place on ASX preceding, but not including, the Capital Trigger Event Conversion Date or Non-Viability Trigger Event Conversion Date, as applicable; and – the Scheduled Conversion Conditions will not apply. <p>Limiting the number of Ordinary Shares to the Maximum Conversion Number means that Holders may receive a number of Ordinary Shares that have a market value that is less than the Face Value.</p>	<p>Westpac Capital Notes Terms clauses 5.5 and 8</p>	<p>115-116, 118-121</p>
<p>2.5.11 Is there a limit on the number of Ordinary Shares I will receive on Conversion following a Capital Trigger Event or Non-Viability Trigger Event?</p>	<p>Yes. The Maximum Conversion Number is used to limit the number of Ordinary Shares to be issued on Conversion.</p>	<p>Section 2.5.12 Westpac Capital Notes Terms clause 8.1</p>	<p>36, 118-119</p>

INFORMATION ABOUT WESTPAC CAPITAL NOTES

Topic	Summary	Further information	Pages										
2.5.12 What is the Maximum Conversion Number in the case of a Capital Trigger Event or Non-Viability Trigger Event?	<p>The Maximum Conversion Number is calculated using the following formula:</p> <table border="1"> <thead> <tr> <th colspan="2">Face Value</th> </tr> <tr> <th colspan="2">Relevant Percentage × Issue Date VWAP</th> </tr> </thead> <tbody> <tr> <td>Face Value</td> <td>\$100</td> </tr> <tr> <td>Relevant Percentage</td> <td>If Conversion is occurring on a Capital Trigger Event Conversion Date or a Non-Viability Event Conversion Date: 0.20</td> </tr> <tr> <td>Issue Date VWAP</td> <td>The VWAP of Ordinary Shares for the 20 Business Days on which trading in Ordinary Shares took place immediately preceding, but not including, the Issue Date (as adjusted in accordance with the Westpac Capital Notes Terms)</td> </tr> </tbody> </table> <p>The Maximum Conversion Number may be adjusted up or down to reflect transactions affecting the capital of Westpac (including bonus issues, share splits, consolidations or other similar transactions not involving any cash payment to or by holders of Ordinary Shares) as set out in the Westpac Capital Notes Terms.</p>	Face Value		Relevant Percentage × Issue Date VWAP		Face Value	\$100	Relevant Percentage	If Conversion is occurring on a Capital Trigger Event Conversion Date or a Non-Viability Event Conversion Date: 0.20	Issue Date VWAP	The VWAP of Ordinary Shares for the 20 Business Days on which trading in Ordinary Shares took place immediately preceding, but not including, the Issue Date (as adjusted in accordance with the Westpac Capital Notes Terms)	Westpac Capital Notes Terms clause 8.1	118-119
Face Value													
Relevant Percentage × Issue Date VWAP													
Face Value	\$100												
Relevant Percentage	If Conversion is occurring on a Capital Trigger Event Conversion Date or a Non-Viability Event Conversion Date: 0.20												
Issue Date VWAP	The VWAP of Ordinary Shares for the 20 Business Days on which trading in Ordinary Shares took place immediately preceding, but not including, the Issue Date (as adjusted in accordance with the Westpac Capital Notes Terms)												
2.5.13 What happens if Westpac is unable to issue Ordinary Shares following a Capital Trigger Event or Non-Viability Trigger Event?	<p>If for any reason Conversion of Notes is not possible (for example due to applicable laws, order of a court or action of any government authority) and Westpac is not able to issue the Ordinary Shares within 5 Business Days following a Capital Trigger Event or Non-Viability Trigger Event, then the Holder's rights (including to Distributions) in relation to those Notes are immediately and irrevocably terminated. Your investment will lose all of its value and you will not receive any compensation.</p>	Westpac Capital Notes Terms clause 5.6	116										

2.6 REDEMPTION OR TRANSFER PRIOR TO THE SCHEDULED CONVERSION DATE

Topic	Summary	Further information	Pages
2.6.1 In what circumstances can Redemption or Transfer occur prior to the Scheduled Conversion Date?	<p>Westpac may elect:</p> <ul style="list-style-type: none"> to Redeem or Transfer all or some of the Notes on 8 March 2019 (the “Optional Redemption/Transfer Date”); or to Redeem all (but not some) of the Notes following a Franking Event, Tax Event or Regulatory Event. <p>Redemption is subject to Westpac receiving APRA’s prior written approval. There can be no certainty that APRA will provide its prior written approval.</p>	Westpac Capital Notes Terms clauses 6 and 7	117-118
2.6.2 What is Redemption?	<p>Redemption means Westpac will pay to Holders the Face Value for each Note Redeemed.</p> <p>Redemption is subject to Westpac receiving APRA’s prior written approval. There can be no certainty that APRA will provide its prior written approval.</p> <p>Holders cannot request Redemption of their Notes.</p>	Westpac Capital Notes Terms clauses 6.3, 6.5 and 15.2 (definition of “Redemption”)	117-118, 132
2.6.3 What is Transfer?	<p>Transfer means Westpac will arrange for a Nominated Party to undertake to purchase from Holders all Notes for the Face Value. On Transfer, Holders will receive the Face Value (\$100) for each Note from the Nominated Party.</p> <p>If the Nominated Party does not pay the Face Value to Holders on the Optional Redemption/Transfer Date, the Transfer will not proceed and Holders will continue to hold their Notes.</p> <p>The Nominated Party may not be a member of the Westpac Group.</p> <p>Holders cannot request a Transfer of Notes.</p>	Westpac Capital Notes Terms clauses 7 and 15.2 (definition of “Transfer”)	118, 134
2.6.4 What is a Franking Event or Tax Event?	<p>A Franking Event will occur if Westpac determines (as supported by advice from reputable legal counsel or other tax adviser) that as a result of a change or proposed change in, or amendment or proposed amendment to, the laws of Australia or their application (including as a result of a court decision) which was not expected by Westpac at the Issue Date and has or is expected to become effective on or after the Issue Date, there is a material risk that any Distribution would not be a frankable distribution within the meaning of Division 202 of the Tax Act.</p> <p>A Tax Event will occur if Westpac determines (as supported by advice from reputable legal counsel or other tax adviser) that there is a material risk that the Westpac Group will incur more than an insubstantial increase in costs or taxes in relation to the Notes that it had not expected at the Issue Date.</p>	Westpac Capital Notes Terms clause 15.2 (definitions of “Franking Event” and “Tax Event”)	131, 133

INFORMATION ABOUT WESTPAC CAPITAL NOTES

Topic	Summary	Further information	Pages
2.6.5 What is a Regulatory Event?	<p>A Regulatory Event will occur if:</p> <ul style="list-style-type: none"> as a result of an amendment to, clarification of or change or prospective change of Australian law or regulations or an Administrative Action that was not expected by Westpac at the Issue Date, additional requirements would be imposed on the Westpac Group in relation to the Notes, or there would be a negative impact on the Westpac Group which Westpac determines (as supported by advice from reputable legal counsel or confirmation from APRA), at its sole discretion, to be unacceptable; or Westpac determines (as supported by advice from reputable legal counsel or confirmation from APRA) that all, some or a proportion of all or some Notes are not or will not be treated as Additional Tier 1 Capital of the Westpac Group under APRA's prudential standards, other than as a result of a change of treatment expected by Westpac as at the Issue Date. 	Westpac Capital Notes Terms clause 15.2 (definition of "Regulatory Event")	132
2.6.6 What happens if an Approved Successor is put in place?	<p>Where Westpac is replaced as the ultimate holding company of the Westpac Group by an Approved Successor and certain other conditions are satisfied, Conversion of Notes will not be triggered but Westpac may instead be allowed to make amendments (provided APRA's prior written approval is obtained) to substitute the Approved Successor as the debtor in respect of the Notes and the issuer of the ordinary shares issued on Conversion and to make certain other amendments to the Westpac Capital Notes Terms. Accordingly, if:</p> <ul style="list-style-type: none"> Westpac is replaced by an Approved Successor as the ultimate holding company of the Westpac Group; and a substitution of the Approved Successor as the debtor in respect of the Notes and the issuer of the ordinary shares on Conversion is effected under the Westpac Capital Notes Terms, <p>Holders will be obliged to accept Approved Successor Shares on Conversion and will not receive Ordinary Shares on Conversion.</p>	Westpac Capital Notes Terms clauses 5.8 and 12.4	116, 125-126

2.7 REGULATORY TREATMENT OF THE WESTPAC CAPITAL NOTES

Topic	Summary	Further information	Pages
2.7.1 Who is APRA?	APRA is the prudential regulator of the Australian financial services industry. It oversees banks, credit unions, building societies, general insurance and reinsurance companies, life insurance, friendly societies, and most members of the superannuation industry.	Section 4.2.1	58-59
2.7.2 What is regulatory capital?	Capital is the cornerstone of an ADI's financial strength. It supports an ADI's operations by providing a buffer to absorb unanticipated losses from its activities and, in the event of problems, assists the ADI to continue to operate in a sound and viable manner while problems are addressed or resolved. For regulatory capital purposes, Total Capital is the sum of Tier 1 Capital and Tier 2 Capital. Tier 1 Capital is the sum of Common Equity Tier 1 Capital and Additional Tier 1 Capital. Tier 1 Capital is generally considered a higher quality capital than Tier 2 Capital.	Sections 4.2.1, 4.2.3 and 4.2.6	58-59, 60-61
2.7.3 What is Additional Tier 1 Capital?	Additional Tier 1 Capital comprises high quality components of capital that provide a permanent and unrestricted commitment of funds, are freely available to absorb losses, rank behind the claims of depositors and other more senior creditors in a Winding Up and provide fully discretionary capital distributions. Additional Tier 1 Capital must be the most subordinated instrument issued by Westpac other than Ordinary Shares.	Section 4.2.3	59
2.7.4 How are the Westpac Capital Notes treated by APRA for regulatory capital purposes?	On 28 September 2012, APRA published its final Basel III prudential standards which include a number of changes to the eligibility criteria for capital instruments, including stricter criteria for instruments to qualify as Additional Tier 1 Capital. The new requirements commenced on 1 January 2013. APRA has confirmed that the Notes will be eligible for inclusion as Additional Tier 1 Capital.	Sections 4.2.2 and 4.2.3	59

INFORMATION ABOUT WESTPAC CAPITAL NOTES

2.8 RETURN ON YOUR INVESTMENT GENERALLY

Topic	Summary	Further information	Pages
2.8.1 Are Distributions and your investment in the Westpac Capital Notes guaranteed?	<p>No. Distributions and amounts invested in the Notes are not guaranteed by Westpac or any other member of the Westpac Group and are not guaranteed or insured by any government agency or any other person.</p> <p>The value of the Notes as quoted on ASX may be lower or higher than the Face Value paid by you for the Notes. This may be due to a number of factors including prevailing interest rates, other economic factors, Westpac's financial performance and position, the Distributions actually paid and other matters.</p> <p>In certain circumstances the Notes will be Converted. In these circumstances, you will be issued with Ordinary Shares and therefore directly exposed to movements in the price of Ordinary Shares traded on ASX and the financial performance and position of Westpac.</p>	Sections 2.2.11, 5.1.1, 5.1.3, 5.1.4 and 5.1.5	27, 64-65
2.8.2 Will you be able to request Conversion, Redemption or Transfer of your Westpac Capital Notes once you have invested in them?	<p>No. Holders have no right to request or require Westpac to Convert, Redeem or arrange for a Transfer of their Notes. To realise your investment, you can sell your Notes on ASX at the prevailing market price subject to the liquidity of that market. There can be no assurance as to the liquidity or the market price for the Notes. The market price of the Notes may be higher or lower than the Face Value, and will depend, among other things, on the level of supply and demand for the Notes.</p>	Sections 5.1.3, 5.1.4 and 5.1.12	64-65, 67
2.8.3 Is it possible that Conversion, Redemption or Transfer will not occur?	<p>Yes. If Westpac has not elected to Redeem or Transfer Notes, APRA has not provided its prior written approval for Redemption, the Scheduled Conversion Conditions are not satisfied, or a Capital Trigger Event, Non-Viability Trigger Event or Acquisition Event does not occur, Holders will not have their Notes Converted, Redeemed or Transferred and will hold their Notes until Conversion subsequently occurs (if at all), which may be dependent upon the future Ordinary Share price.</p> <p>Additionally, in the unlikely event of a Winding Up, it is possible that Conversion, Redemption or Transfer may not occur. For example, Westpac may be prevented from issuing Ordinary Shares after the commencement of a Winding Up unless a court orders otherwise.</p>	Sections 5.1.13 and 5.1.16 Westpac Capital Notes Terms clauses 4, 5, 6 and 7	68-69, 113-118

For personal use only

Topic	Summary	Further information	Pages
2.8.4 What happens if Conversion does not occur following a Capital Trigger Event or Non-Viability Trigger Event?	If following a Capital Trigger Event or Non-Viability Trigger Event, for any reason Conversion of Notes is not possible (for example due to applicable laws, order of a court or action of any government authority) and Westpac is not able to issue the Ordinary Shares within 5 Business Days then the Holder's rights (including to Distributions) in relation to those Notes are immediately and irrevocably terminated. Your investment will lose all of its value and you will not receive any compensation.	Section 5.1.9 Westpac Capital Notes Terms clause 5.6	67, 116

2.9 RANKING AND VOTING RIGHTS OF THE WESTPAC CAPITAL NOTES

Topic	Summary	Further information	Pages
2.9.1 Where do the Westpac Capital Notes rank in a Winding Up?	<p>In the unlikely event of a Winding Up and assuming the Notes are still on issue and have not been Converted or otherwise had their rights terminated following a Capital Trigger Event or Non-Viability Trigger Event, the right of Holders to receive a return of capital will rank ahead of Ordinary Shares, equally among themselves and with Equal Ranking Capital Securities, but subordinated to Senior Creditors.</p> <p>It is likely that a Capital Trigger Event or Non-Viability Trigger Event would occur prior to a Winding Up, requiring the Conversion of Notes. If Conversion has occurred, Holders will hold Ordinary Shares and rank equally with other holders of Ordinary Shares.</p> <p>If for any reason Conversion of Notes following a Capital Trigger Event or Non-Viability Trigger Event is not possible (for example due to applicable laws, order of a court or action of any government authority) and Westpac is not able to issue the Ordinary Shares within 5 Business Days following a Capital Trigger Event or Non-Viability Trigger Event, then the Holder's rights (including to Distributions) in relation to those Notes are immediately and irrevocably terminated.</p> <p>For the potential effect on the assets of Westpac available to meet the claims of a Holder in a Winding Up where Westpac is replaced by an Approved Successor as the ultimate holding company of the Westpac Group, see Section 5.1.22.</p>	Sections 5.1.2, 5.1.9 and 5.1.22 Westpac Capital Notes Terms clauses 2, 5.6 and 12.4	64, 67, 70-71, 111, 116, 125-126

INFORMATION ABOUT WESTPAC CAPITAL NOTES

Topic	Summary	Further information	Pages
2.9.2 Are Westpac Capital Notes protected accounts or deposit liabilities?	No. 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).	Section 5.1.1 Westpac Capital Notes Terms clause 13.1	64, 126
2.9.3 Is Westpac restricted in relation to other securities it may issue?	No. Westpac may issue other securities, including further Notes, or other Capital Securities that rank equally with, ahead of or behind the Notes whether in respect of distributions, dividends, return of capital or principal in a Winding Up of Westpac or otherwise, without the approval of Holders.	Section 5.1.21 Westpac Capital Notes Terms clause 13.2	70, 127
2.9.4 Do the Westpac Capital Notes have any participation rights?	No. The Notes do not carry a right for Holders to participate in new issues of Westpac securities.	Westpac Capital Notes Terms clause 13.7	127
2.9.5 Do you have voting rights?	No. Holders have no right to vote at any general meeting of Westpac before Conversion. Holders have certain voting rights which can be exercised at a meeting of Holders, as set out in the Notes Deed Poll. Following Conversion, Holders will become holders of Ordinary Shares and have the voting rights that attach to Ordinary Shares.	Sections 2.13.1 and 7.2 Westpac Capital Notes Terms clause 13.7	47, 88-89, 127

Topic	Summary	Further information	Pages
<p>2.9.6 Can the Westpac Capital Notes Terms be amended?</p>	<p>No amendment to the Westpac Capital Notes Terms is permitted without APRA's prior written approval if such amendment would impact, or potentially impact, the classification of the Notes as Additional Tier 1 Capital on a Level 1 or Level 2 basis.</p> <p>Subject to complying with all applicable laws and with APRA's prior written approval (as applicable), Westpac may amend the Westpac Capital Notes Terms without the consent of Holders provided Westpac is of the opinion that the amendment is:</p> <ul style="list-style-type: none"> • of a formal, minor or technical nature; or • made to cure any ambiguity or correct any manifest error; or • expedient for the purpose of enabling the Notes to be listed for quotation or to retain listing on any stock exchange, or to be offered for, or subscription for, sale, and it is otherwise not considered by Westpac to be materially prejudicial to the interests of Holders as a whole; or • necessary to comply with the provisions of any laws or statutory authority or the ASX Listing Rules; or • in any case, not materially prejudicial to the interests of Holders as a whole. <p>Westpac may also amend the Westpac Capital Notes Terms (with APRA's prior written approval as applicable):</p> <ul style="list-style-type: none"> • if the amendment has been approved by a Special Resolution of Holders; or • to effect the substitution of an Approved Successor as the debtor in respect of the Notes and the issuer of ordinary shares on Conversion, in accordance with clause 12.4 of the Westpac Capital Notes Terms. 	<p>Section 5.1.23 Westpac Capital Notes Terms clause 12</p>	<p>71, 124-126</p>

INFORMATION ABOUT WESTPAC CAPITAL NOTES

2.10 COMPARISON OF THE WESTPAC CAPITAL NOTES WITH CERTAIN OTHER WESTPAC TIER 1 CAPITAL SECURITIES

Topic	Summary					Further information	Pages
2.10.1 What are the differences between Westpac CPS, Westpac SPS, Westpac SPS II, Westpac TPS and the Westpac Capital Notes?	<p>Westpac CPS, Westpac SPS, Westpac SPS II, Westpac TPS and the Westpac Capital Notes do have similarities in that they are all securities that qualify or are treated as Additional Tier 1 Capital of Westpac under APRA's current capital adequacy standards.</p> <p>However, the securities differ considerably in several key respects. The table below provides a comparison of the key terms of Westpac CPS, Westpac SPS, Westpac SPS II, Westpac TPS and Westpac Capital Notes, but is not exhaustive.</p>					Section 4.2.3 Westpac Capital Notes Terms	59, 110-135
	Westpac Capital Notes	Westpac CPS	Westpac SPS II	Westpac SPS	Westpac TPS		
ASX code	WBCPD ¹	WBCPC	WBCPB	WBCPA	WCTPA		
Legal form	Note	Preference share	Stapled security – one preference share and one note issued by Westpac	Stapled security – one preference share and one note issued by Westpac	Preferred unit in the Westpac TPS Trust		
Distributions	Floating rate Distributions – payable quarterly in arrear subject to the Distribution Payment Conditions	Floating rate dividends – payable semi-annually in arrear subject to a dividend payment test	Floating rate distributions – payable quarterly in arrear subject to a distribution payment test	Floating rate distributions – payable quarterly in arrear subject to a distribution payment test	Floating rate distributions – payable quarterly in arrear subject to a distribution payment test		
Expected to be fully franked	Yes	Yes	Yes	Yes	Yes		
Distribution Rate	(Margin + 90 day Bank Bill Rate) × (1 – Tax Rate)	(Margin + 180 day bank bill rate) × (1 – tax rate)	(Margin + 90 day bank bill rate) × (1 – tax rate)	(Margin + 90 day bank bill rate) × (1 – tax rate)	(Margin + 90 day bank bill rate) × (1 – tax rate)		
Margin/Step up	<ul style="list-style-type: none"> • Margin of 3.20% per annum • There is no step up in the Margin 	<ul style="list-style-type: none"> • Margin of 3.25% per annum • There is no step up in the margin 	<ul style="list-style-type: none"> • Margin of 3.80% per annum • There is no step up in the margin 	<ul style="list-style-type: none"> • Margin of 2.40% per annum • There is no step up in the margin 	<ul style="list-style-type: none"> • Margin of 1.00% per annum until the step up date (30 June 2016) • After 30 June 2016, the initial margin increases by a one time step up of 1.00% per annum 		

Note:

1. Westpac has applied to have Westpac Capital Notes quoted on ASX and they are expected to trade under the code WBCPD.

	Westpac Capital Notes	Westpac CPS	Westpac SPS II	Westpac SPS	Westpac TPS
Issuer redemption rights (subject to APRA approval)	Yes, on 8 March 2019 and in certain specified circumstances – see Section 2.6.1	Yes, on 31 March 2018 and each dividend payment date thereafter, and in certain specified circumstances	Yes, in certain specified circumstances	Yes, in certain specified circumstances	Yes, on the step up date and in certain specified circumstances
Potential Conversion to Ordinary Shares (other than on a Capital Trigger Event or Non-Viability Trigger Event)	Scheduled Conversion on 8 March 2021 (subject to the satisfaction of the Scheduled Conversion Conditions) or in other specified circumstances	Scheduled conversion on 31 March 2020 (subject to the satisfaction of the conversion conditions) or in other specified circumstances	Mandatory conversion on 30 September 2014 (subject to the satisfaction of the conversion conditions) or in other specified circumstances	Mandatory conversion on 26 September 2013 (subject to the satisfaction of the conversion conditions) or in other specified circumstances	Yes, on the step up date and in certain specified circumstances
Conversion to Ordinary Shares on a Capital Trigger Event or Non-Viability Trigger Event	Conversion upon the occurrence of a Capital Trigger Event or Non-Viability Trigger Event, not subject to the satisfaction of Scheduled Conversion Conditions and with the number of Ordinary Shares limited to the Maximum Conversion Number If a Capital Trigger Event or Non-Viability Trigger Event occurs and Conversion of Notes is not possible, all rights in relation to those Notes will be terminated	Conversion upon the occurrence of a capital trigger event only, not subject to the satisfaction of conversion conditions and with the number of shares limited to the maximum conversion number	No	No	No

INFORMATION ABOUT WESTPAC CAPITAL NOTES

	Westpac Capital Notes	Westpac CPS	Westpac SPS II	Westpac SPS	Westpac TPS
Ranking in Winding Up	<p>If Notes are on issue at the time, rank in priority to Ordinary Shares, equally with Equal Ranking Capital Securities and behind Senior Creditors (including depositors)</p> <p>If Notes have been Converted into Ordinary Shares, Holders will become holders of Ordinary Shares and will rank equally with other holders of Ordinary Shares</p>	Rank in priority to Ordinary Shares, equally with equal ranking capital securities and behind senior creditors (including depositors)	Rank in priority to Ordinary Shares, equally with equal ranking capital securities and behind all Westpac depositors and all holders of senior and subordinated debt (in accordance with the terms of issue of Westpac SPS II)	Rank in priority to Ordinary Shares, equally with equal ranking capital securities and behind all Westpac depositors and all holders of senior and subordinated debt (in accordance with the terms of issue of Westpac SPS)	Rank equally with equal ranking preference shares as Westpac TPS will have exchanged into preference shares of Westpac but ahead of Ordinary Shares and behind all Westpac depositors and all holders of senior and subordinated debt (in accordance with the terms of issue of Westpac TPS)

2.11 PAYMENT FOR WESTPAC CAPITAL NOTES

Topic	Summary	Further information	Pages
2.11.1 What will you be required to pay?	The Face Value of each Note is \$100. The minimum number of Notes that you can apply for is 50 Notes, requiring a minimum Application Payment of \$5,000. Applications for greater than the minimum Application amount must be in multiples of 10 Notes – that is \$1,000.	Section 3.1	49
2.11.2 Is brokerage or stamp duty payable?	No brokerage or stamp duty is payable to Westpac on your Application. You may have to pay brokerage on any subsequent trading of your Notes on ASX after the Notes have been quoted on ASX.	Section 3.5	52
2.11.3 Will you be required to pay any ongoing fees or other costs?	No. You will generally not be required to pay any ongoing fees or other costs following the issue of the Notes. The costs of carrying out the Offer and maintaining an ASX listing for the Notes will be paid by Westpac.	Sections 7.4.2 and 8.4	90, 95

2.12 NO SET OFF AGAINST OTHER AMOUNTS OWED

Topic	Summary	Further information	Pages
2.12.1 No set off	Neither Westpac nor any Holder is entitled to set off any amounts due in respect of the Notes against any amount of any nature owed by Westpac to the Holder or by the Holder to Westpac (as applicable).	Westpac Capital Notes Terms clause 13.3	127

For personal use only

2.13 NOTES DEED POLL

Topic	Summary	Further information	Pages
2.13.1 Has a trustee been appointed for Westpac Capital Notes?	<p>No, a trustee has not been appointed for the Notes. Instead, there is a Notes Deed Poll made by Westpac in favour of each person who is from time to time a Holder.</p> <p>The Notes Deed Poll contains:</p> <ul style="list-style-type: none"> • Westpac's agreement to observe its obligations as set out in the Westpac Capital Notes Terms; • an obligation to appoint the Registry and procure the Registry to establish and maintain a Westpac Capital Notes Register; and • provisions for meetings of Holders. <p>Holders will be bound by the terms of the Notes Deed Poll, the Westpac Capital Notes Terms and this Prospectus when Notes are Allotted or transferred to them or they purchase Notes.</p> <p>The Registry holds the original executed Notes Deed Poll on behalf of Holders. Each Holder can enforce Westpac's obligations under the Notes Deed Poll and the Westpac Capital Notes Terms independently of the Registry and each other Holder.</p> <p>A copy of the Notes Deed Poll can be obtained from Westpac's website at www.westpac.com.au/investorcentre and is incorporated by reference into this Prospectus.</p>	See the Notes Deed Poll, available at Westpac's website at www.westpac.com.au/investorcentre	N/A

2.14 ADDITIONAL INFORMATION

Topic	Summary	Further information	Pages
2.14.1 How can you find out more information about the Offer?	<p>A number of relevant documents are available free of charge from Westpac during the Offer Period. If, after reading this Prospectus, you have any questions, then you should contact your financial adviser or other professional adviser or call the Westpac Capital Notes Information Line (Monday to Friday, 8.30am to 5.30pm, Sydney time) on 1300 133 814.</p>	Section 8.2.2	93

For personal use only

3

APPLICATION INFORMATION

This Section sets out what you must do if you wish to apply for Westpac Capital Notes.

This Section sets out:

- 3.1 Applying for Westpac Capital Notes
- 3.2 Who may apply
- 3.3 Obtaining a Prospectus and an Application Form
- 3.4 Application Payments
- 3.5 Brokerage and stamp duty
- 3.6 Refunds and interest
- 3.7 Allocation and Allotment
- 3.8 ASX quotation, trading and Holding Statements
- 3.9 New holder information
- 3.10 Enquiries

3.1 APPLYING FOR WESTPAC CAPITAL NOTES

Applications for Notes must be made using the Application Form attached to, or accompanying, this Prospectus. Eligible Securityholders may also apply online by visiting the Westpac website at www.westpac.com.au/investorcentre and following the instructions. An Application Form and Application Payment for Notes must be completed and returned, or an online Application submitted, in accordance with the instructions set out below and in sufficient time to be received by the Closing Date for the relevant Offer. The instructions for lodging your Application Form vary depending on which Offer you apply under.

The Offer is for the issue of Notes to raise approximately \$1.25 billion, with the ability to raise more or less.

The Offer consists of:

- a Securityholder Offer, made to Eligible Securityholders;
- a Broker Firm Offer, made to Broker Firm Applicants; and
- an Institutional Offer, made to Institutional Investors invited by Westpac Institutional Bank to bid for Notes under the Bookbuild.

There is no general public offer of the Notes. However, Westpac reserves the right to accept Applications from persons other than Eligible Securityholders, Broker Firm Applicants and Institutional Investors at its discretion.

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 Notes are issued. Accordingly, if you wish to apply for Notes you are encouraged to do so as soon as possible after the Opening Date.

There is no minimum amount to be raised by the Offer and Westpac reserves the right to accept or not to accept Applications from any Applicant.

No action has been taken to register or qualify Notes or otherwise permit a public offer of the Notes in any jurisdiction outside Australia where such an offer is made under the laws in that jurisdiction.

Applications must be for a minimum of 50 Notes (\$5,000). If your Application is for more than 50 Notes, then you must apply in incremental multiples of 10 Notes (\$1,000).

APPLICATION INFORMATION

3.2 WHO MAY APPLY

Type of Offer	Who is eligible to participate?	What to do to apply
Securityholder Offer	<p>You are eligible to participate in the Securityholder Offer if you are an Eligible Securityholder.</p> <p>You are an Eligible Securityholder if you were a registered holder of Ordinary Shares, Westpac TPS, Westpac SPS, Westpac SPS II, Westpac CPS and/or Westpac Subordinated Notes 2012 at 7.00pm (Sydney time) on 21 January 2013 and shown on the Register as having an address in Australia.</p> <p>Westpac and the Joint Lead Managers reserve the right to scale back Applications from Eligible Securityholders and to treat Applications in excess of \$250,000 as part of the Institutional Offer. For the Allocation policy in relation to the Securityholder Offer – see Section 3.7.1.</p>	<p>If you are an Eligible Securityholder, your completed Securityholder Application Form (or online Application) and Application Payment must be received by the Registry before the Closing Date for the Securityholder Offer, which is expected to be 5.00pm (Sydney time) on 1 March 2013.</p> <p>You should either:</p> <ul style="list-style-type: none"> complete and return a paper based personalised Securityholder Application Form and Application Payment to the Registry; or apply online by visiting the Westpac website at www.westpac.com.au/investorcentre and following the instructions. You will need your SRN/HIN, which you can find on the top right hand corner of the postcard mailed to you. Online Application Payments may only be made using BPAY^{®1}.
	<p>Paper based Securityholder Application Forms together with Application Payments can be returned to the Registry by:</p> <p>Mail Westpac Capital Notes Offer Link Market Services Limited Reply Paid 3560 Sydney NSW 2001</p> <p>Or Hand delivery Westpac Capital Notes Offer Link Market Services Limited 1A Homebush Bay Drive Rhodes NSW 2138</p> <p>Securityholder Application Forms and Application Payments will not be accepted at any other address (including Westpac's registered office or any other Westpac office or branch).</p>	

Note:

1. Registered to BPAY Pty Limited (ABN 69 079 137 518)

For personal use only

Type of Offer	Who is eligible to participate?	What to do to apply
Broker Firm Offer	You are eligible to participate in the Broker Firm Offer if you are an Australian resident retail client of a Syndicate Broker who applies for a broker firm Allocation from a Syndicate Broker under the Broker Firm Offer.	<p>If you are a Broker Firm Applicant, your Broker Firm Application Form must be received by your Syndicate Broker in time for them to process your Application on your behalf by the Closing Date for the Broker Firm Offer, which is expected to be 10.00am (Sydney time) on 7 March 2013.</p> <p>Please contact your Syndicate Broker for their instructions on how to submit your Broker Firm Application Form.</p>
Institutional Offer	You are eligible to participate in the Institutional Offer if you are an Institutional Investor.	If you are an Institutional Investor, you must apply to participate by contacting Westpac Institutional Bank.

3.3 OBTAINING A PROSPECTUS AND AN APPLICATION FORM

A copy of this Prospectus may be:

- downloaded from the Westpac website at www.westpac.com.au/investorcentre; or
- if you are an Eligible Securityholder, sent to you during the Offer Period with a personalised Securityholder Application Form if you register online to receive a Prospectus on the website above; or
- if you are an Eligible Securityholder, sent to you during the Offer Period with a personalised Securityholder Application Form if you call the **Westpac Capital Notes Information Line (Monday to Friday 8.30am to 5.30pm, Sydney time) on 1300 133 814**; or
- if you are a Broker Firm Applicant, obtained from your Syndicate Broker during the Offer Period with a Broker Firm Application Form by contacting your Syndicate Broker.

3.4 APPLICATION PAYMENTS

3.4.1 Eligible Securityholders

Eligible Securityholders applying on a paper based personalised Securityholder Application Form

Application Payments can only be made by cheque(s) in Australian dollars drawn on an Australian branch of a financial institution and made payable to “**Westpac Capital Notes Offer**”. Cheque(s) should be crossed “not negotiable”. Cash payments or bank cheques will not be accepted.

Eligible Securityholders applying online

Visit the Westpac website at www.westpac.com.au/investorcentre and follow the instructions to apply online. Online Application Payments may only be made using BPAY®.

3.4.2 Broker Firm Applicants

If you are a Broker Firm Applicant, then you should make your Application Payment under arrangements between you and your Syndicate Broker.

APPLICATION INFORMATION

3.5 BROKERAGE AND STAMP DUTY

No brokerage or stamp duty is payable to Westpac on your Application. You may have to pay brokerage on any later sale of your Notes on ASX after Notes have been quoted on ASX.

3.6 REFUNDS AND INTEREST

All Application Payments received by the Registry before the Notes are issued will be held by Westpac in a bank account established solely for the purpose of depositing Application Payments received. Any interest that accrues on the Application Payments will be retained by Westpac.

If you are not Allotted any Notes or you are Allotted fewer Notes than the number that you applied for as a result of a scaleback, all or some of your Application Payment (as applicable) will be returned to you (without interest) as soon as possible after the Issue Date.

In addition, if the Offer does not proceed for any reason, Applicants will have their Application Payments refunded to them (without interest) as soon as possible.

3.7 ALLOCATION AND ALLOTMENT

3.7.1 Allocation

Westpac reserves the right not to accept Applications from any Applicant and Westpac and the Joint Lead Managers reserve the right to Allocate any Eligible Securityholder a lesser number of Notes than applied for, including less than the minimum Application of 50 Notes (\$5,000).

The Allocation policy for Eligible Securityholders will be determined by Westpac in consultation with the Joint Lead Managers at the close of the Securityholder Offer. This Allocation policy and any scaleback will be announced on ASX on the day Notes commence trading on a deferred settlement basis, which is expected to be 12 March 2013.

The Allocation policy for Syndicate Brokers and Institutional Investors was determined under the Bookbuild – see Section 7.4. Westpac and the Joint Lead Managers have the right to nominate the persons to whom Notes will be Allocated, including in respect of firm Allocations to Syndicate Brokers and Institutional Investors under the Bookbuild.

Westpac also reserves the right to not issue any Notes. In this instance no Applicants will receive an Allocation.

3.7.2 Allotment

Westpac intends to issue and Allot approximately 12.5 million Notes at a Face Value of \$100 each, to raise approximately \$1.25 billion with the ability to raise more or less.

Westpac will not Allot any Notes until it has been granted approval for the Notes to be quoted on ASX and all proceeds from accepted Applications have been received by Westpac. Subject to approval for quotation being granted, Westpac intends to Allot the Notes on 8 March 2013. 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 Notes are issued.

3.8 ASX QUOTATION, TRADING AND HOLDING STATEMENTS

3.8.1 ASX quotation

Westpac has applied to ASX for the Notes to be quoted on ASX. Quotation is not guaranteed. If ASX does not grant permission for the Notes to be quoted, then the Notes will not be issued and Application Payments will be refunded (without interest) as soon as possible.

It is expected that the Notes will be quoted under ASX code WBCPD.

3.8.2 Trading

It is expected that the Notes will begin trading on ASX on a deferred settlement basis on 12 March 2013. Trading of the Notes on a deferred settlement basis is expected to continue until the dispatch of Holding Statements is completed, which is expected to occur on or by 15 March 2013. It is expected that trading of the Notes will begin on a normal settlement basis on 18 March 2013.

You are responsible for confirming your Allocation before trading Notes to avoid the risk of selling Notes you do not own. If you sell your Notes before you receive confirmation of your Allocation, you do so at your own risk.

To assist you in determining your Allocation prior to receipt of your Holding Statement, Westpac will announce the basis of Allocation by placing advertisements in major national and metropolitan newspapers in Australia on or before 12 March 2013.

If you are a Broker Firm Applicant you should contact your Syndicate Broker to find out your Allocation prior to receiving your Holding Statement. If you have applied under the Securityholder Offer you should call the **Westpac Capital Notes Information Line (Monday to Friday, 8.30am to 5.30pm, Sydney time) on 1300 133 814.**

3.8.3 Holding Statements

Westpac expects Holding Statements will be dispatched to successful Applicants on or by 15 March 2013. Westpac will apply for the Notes to participate in CHESS. Westpac does not intend to quote the Notes on any securities exchange apart from ASX. No certificates will be issued for the Notes.

3.9 NEW HOLDER INFORMATION

Applicants issued with Notes under the Offer will be sent a new investor pack shortly after the Issue Date. In addition to a Holding Statement, this pack will contain important information relating to how Distributions and other amounts will be paid on the Notes.

3.9.1 Provision of bank account details for Distributions and other payments

Westpac will only pay Distributions directly into an Australian dollar account of a financial institution nominated by you at any time before close of business on the Record Date in respect of that payment. Westpac will not pay Distributions on the Notes by cheque.

As part of the new investor pack, the Registry will send to each Holder an Account Nomination Form either requesting your account details or confirming that your preference is to use existing dividend or distribution account details, if applicable, for the direct crediting of payments of Distributions, repayment of principal and payments of other amounts. You must complete and return this Account Nomination Form as soon as possible.

If you have not notified Westpac of an appropriate account by the close of business on the Record Date, or the credit of any money to your account does not complete for any reason, then Westpac will send a notice to the postal address or email address most recently notified by you advising of the uncompleted payment. In that case, the amount of the uncompleted payment will be held as a deposit in a non-interest bearing account until the first to occur of the following:

- you nominate a suitable Australian dollar account maintained in Australia with a financial institution to which the payment may be credited; or
- Westpac is entitled or obliged to deal with the amount in accordance with the law relating to unclaimed moneys.

No interest is payable in respect of any delay in payment.

APPLICATION INFORMATION

3.9.2 Provision of Tax File Number or Australian Business Number

The Registry will provide you with a form so that you may provide your Tax File Number (“TFN”), Australian Business Number (“ABN”) or both.

You do not have to provide your TFN or ABN. However, Westpac may be required to withhold Australian tax at the maximum marginal tax rate including the Medicare Levy (currently 46.5%) on the amount of any Distribution that is not 100% franked, unless you provide one of the following:

- TFN; or
- TFN exemption code (if applicable); or
- ABN if Notes are held in the course of an enterprise carried on by you.

You should also read the Taxation Letter from Allens in Section 6.

3.10 ENQUIRIES

If you have any questions on how to apply for Westpac Capital Notes, you should contact the **Westpac Capital Notes Information Line (Monday to Friday, 8.30am to 5.30pm, Sydney time) on 1300 133 814.**

If you are unclear in relation to any matter or are uncertain if the Notes are a suitable investment for you, you should consult your financial adviser or other professional adviser.

If you are a Broker Firm Applicant and you are in any doubt about what action you should take, you should contact your Syndicate Broker.

4

ABOUT WESTPAC

This Section sets out information about Westpac.

ABOUT WESTPAC

This Section sets out:

- 4.1 Overview of Westpac's business including summary financial information
- 4.2 Capital management strategy and capital ratios
- 4.3 Funding and liquidity

4.1 OVERVIEW OF WESTPAC'S BUSINESS INCLUDING SUMMARY FINANCIAL INFORMATION

4.1.1 Overview of Westpac's business

Westpac is one of the four major banking organisations in Australia and one of the largest banking organisations in New Zealand. The Westpac Group provides a broad range of banking and financial services in these markets, including retail, business and institutional banking and wealth management services.

Westpac has branches, affiliates and controlled entities throughout Australia, New Zealand and the Pacific region and maintains branches and offices in some of the key financial centres around the world.

As at 30 September 2012, Westpac had total assets of \$675 billion. Westpac's Ordinary Shares and certain other securities are quoted on ASX and, as at 5 February 2013, Westpac's market capitalisation was approximately \$86.7 billion.

The performance of Ordinary Shares during the period from February 2003 to February 2013 is set out in the graph below.

Westpac Ordinary Shares daily closing price¹



Past performance is not necessarily an indicator of future performance.

Note:

1. Source: IRESS

4.1.2 Organisational structure

The Westpac Group's operations comprise the following key customer-facing business divisions operating under multiple brands, serving around 12 million customers.

Australian Financial Services ("AFS") is responsible for the Westpac Group's Australian retail banking, business banking and wealth operations. AFS also includes the product and risk responsibilities for Australian Banking. It incorporates the operations of Westpac Retail & Business Banking, St.George Banking Group and BT Financial Group (Australia) as follows:

- Westpac Retail & Business Banking ("Westpac RBB") is responsible for sales and service for Westpac's consumer, small to medium enterprise customers and commercial customers (typically with turnover of up to \$100 million) in Australia under the Westpac brand. Activities are conducted through Westpac RBB's network of branches and business banking centres and specialised consumer and business relationship managers, with the support of cash flow, financial markets and wealth specialists, customer service centres, ATMs and internet channels;
- St.George Banking Group ("St.George") is responsible for sales and service for St.George's consumer, business and corporate customers in Australia under the St.George, BankSA, Bank of Melbourne and RAMS brands. RAMS is a financial services group specialising in mortgages and online deposits.

Consumer activities are conducted through a network of branches, third party distributors, call centres, ATMs, EFTPOS terminals and internet banking services. Business and corporate customers (businesses with facilities typically up to \$150 million) are provided with a wide range of banking and financial products and services including specialist advice for cash flow finance, trade finance, automotive and equipment finance, property finance, transaction banking and treasury services. Sales and service activities for business and corporate customers are conducted by relationship managers via business banking centres, internet and customer service centre channels; and

- BT Financial Group (Australia) ("**BTFG**") is Westpac's Australian wealth management division. BTFG's funds management operations include the manufacturing and distribution of investment, superannuation and retirement products, investment platforms such as Wrap and master trusts and private banking and financial planning. BTFG's insurance solutions cover the manufacturing and distribution of life, general and lenders mortgage insurance. BTFG's brands include Advance Asset Management, Ascalon, Asgard, BT, BT Investment Management (64.5% owned by the Westpac Group and consolidated in BTFG's Funds Management business), BT Select, Licensee Select, Magnitude, Securitor, and the advice, private banking and insurance operations of Bank of Melbourne, BankSA, St. George and Westpac.

Westpac Institutional Bank ("**WIB**") delivers a broad range of financial services to commercial, corporate, institutional and government customers with connections to Australia and New Zealand. WIB operates through dedicated industry relationship and specialist product teams, with expert knowledge in transactional banking, financial and debt capital markets, specialised capital and alternative investment solutions. Customers are supported through branches and subsidiaries located in Australia, New Zealand, the United States, United Kingdom and Asia.

Westpac New Zealand is responsible for sales and service of banking, wealth and insurance products for consumers, business and institutional customers in New Zealand. Westpac conducts its New Zealand banking business through two banks in New Zealand: Westpac New Zealand Limited, which is incorporated in New Zealand and Westpac Banking Corporation (NZ Division), which is incorporated in Australia. Westpac New Zealand operates via an extensive network of branches and ATMs across both the North and South Islands. Business and institutional customers are also served through relationship and specialist product teams. Banking products are provided under the Westpac and WIB brands while insurance and wealth products are provided under Westpac Life and BT brands, respectively.

Other business divisions include:

- Pacific Banking, which provides banking services for retail and business customers in seven Pacific Island Nations;
- Group Services, encompassing technology, banking operations, legal and property services;
- Treasury, which is primarily focused on the management of the Group's interest rate risk and funding requirements; and
- Core Support, which comprises those functions performed centrally, including finance, risk and human resources.

4.1.3 Overview of Westpac's results for the year ended 30 September 2012¹

Westpac's statutory net profit after tax for the year ended 30 September 2012 was \$5,970 million, a decrease of 15% compared to \$6,991 million for the year ended 30 September 2011. Cash earnings² for the year ended 30 September 2012 were \$6,598 million, an increase of 5% compared to \$6,301 million for the year ended 30 September 2011.

To calculate cash earnings, Westpac adjusts net profit attributable to owners of Westpac for certain items. Management believes this allows the Westpac Group to more effectively assess performance for the

Notes:

1. Unless otherwise specified, the following financial information and discussion has been extracted from Westpac's 2012 Annual Report, including the statutory audited financial statements for the period ending 30 September 2012.
2. Cash earnings is calculated by adjusting statutory audited results for (i) material items that do not reflect ongoing operations; (ii) items that are not considered when dividends are recommended; and (iii) accounting reclassifications between individual line items that do not impact statutory results. For a detailed reconciliation of cash earnings to statutory audited results, refer to page 5 of Westpac's 2012 Full Year Results. Westpac's 2012 Full Year Results are available on the Westpac website at www.westpac.com.au/investorcentre.

ABOUT WESTPAC

current period against prior periods and to compare performance across business divisions and across peer companies.

Statutory earnings per Ordinary Share decreased 16% to 195.8 cents per Ordinary Share for the year ended 30 September 2012, compared to 233.0 cents per Ordinary Share for the year ended 30 September 2011. Cash earnings per Ordinary Share increased 3% to 215.9 cents per Ordinary Share for the year ended 30 September 2012, compared to 209.3 cents per Ordinary Share for the year ended 30 September 2011.

Westpac declared a fully franked final dividend of 84 cents per Ordinary Share for the year ended 30 September 2012. Total dividends for the year ended 30 September 2012 were 166 cents, an increase of 6% compared to the year ended 30 September 2011. Total dividends for the year ended 30 September 2012 represent a dividend payout ratio of 84.8% of statutory earnings or 77.2% of cash earnings.

For the year ended 30 September 2012, net interest income was \$12,502 million, an increase of \$506 million or 4% compared to the year ended 30 September 2011, and non-interest income was \$5,481 million, an increase of \$564 million or 11% compared to the year ended 30 September 2011.

For the year ended 30 September 2012, operating expenses were \$7,909 million, an increase of \$503 million or 7% compared to the year ended 30 September 2011. On a cash earnings basis, operating expenses were \$7,379 million, an increase of \$273 million or 4% compared to the year ended 30 September 2011. The expense to income ratio for the year ended 30 September 2012 was 44.0% compared with 43.8% for the year ended 30 September 2011. On a cash earnings basis, the expense to income ratio for the year ended 30 September 2012 was 40.8% compared with 41.5% for the year ended 30 September 2011.

For the year ended 30 September 2012, impairment charges on loans were \$1,212 million, an increase of \$219 million or 22% compared to the year ended 30 September 2011.

The effective tax rate for the year ended 30 September 2012 was 31.9% compared to 17.1% for the year ended 30 September 2011. On a cash earnings basis, the effective tax rate for the year ended 30 September 2012 was 29.7% compared to 29.4% for the year ended 30 September 2011.

Further financial and other information for Westpac can be obtained from Westpac's 2012 Annual Report, Westpac's 2012 Full Year Results and the Westpac Capital Notes Offer Investor Presentation (issued on the date of the Original Prospectus) which are available on the Westpac website at www.westpac.com.au/investorcentre.

4.2 CAPITAL MANAGEMENT STRATEGY AND CAPITAL RATIOS

4.2.1 Capital adequacy

APRA is the prudential regulator of the Australian financial services industry. It oversees credit unions, building societies, general insurance and reinsurance companies, life insurance, friendly societies, most members of the superannuation industry, and banks such as Westpac.

Australia's risk-based capital adequacy guidelines are generally consistent with the *International Regulatory Framework for Banks*, also known as Basel III, issued by the BCBS, except where APRA has exercised certain discretions. On balance, the application of these discretions acts to reduce reported capital ratios relative to those reported in other jurisdictions. Under Basel III, APRA requires Australian banks (including Westpac) to maintain a minimum ratio of capital to risk-adjusted assets which consists of at least 4.5% Common Equity Tier 1 Capital, 6% Tier 1 Capital and 8% Total Capital.

APRA also requires ADIs, including Westpac to maintain minimum prudential capital ratios which may not be disclosed.

Westpac's approach to capital management seeks to balance the fact that capital is an expensive form of funding with the need to be adequately capitalised

as an ADI and to ensure Westpac complies with APRA's minimum capital adequacy requirements.

4.2.2 Regulatory change

On 16 December 2010, the BCBS released the final text of the Basel III capital framework. The framework was revised in June 2011 and incorporates higher global minimum capital requirements and the introduction of two new capital buffers. The framework includes:

- an increase in the minimum common equity requirement from 2.0% to 4.5%;
- an increase in the minimum Tier 1 Capital requirement from 4.0% to 6.0%;
- a capital conservation buffer at 2.5%, to be met with common equity; and
- a countercyclical buffer of between 0% to 2.5% to be met with common equity or other fully loss absorbing capital (subject to further BCBS guidance). The buffer is intended to be applied during times of excess credit growth.

The framework includes a compliance timetable, with phase-in arrangements starting from 1 January 2013 and some elements not becoming fully effective until 1 January 2019.

On 28 September 2012, APRA released the four final revised capital adequacy standards that will govern the implementation of the Basel III capital framework in Australia. On 13 November 2012, APRA released updated prudential standards which incorporated the Basel III requirements for counterparty credit risk. This release represented the final measures to complete implementation of the Basel III capital reforms in Australia. APRA is requiring Australian ADIs to meet the new minimum capital requirements from 1 January 2013 and has proposed that the capital conservation buffer apply in full from its introduction date of 1 January 2016. Westpac believes it is well placed to meet the new capital requirements within the timeframes proposed.

In November 2011, the BCBS published *Global systemically important banks: Assessment methodology and the additional loss absorbency requirement*. This document announced the final methodology for determining Global Systemically Important Banks ("**G-SIBs**"), and the Financial Stability Board ("**FSB**") named 29 G-SIBs that would

be subject to higher capital requirements and greater oversight. The list of G-SIBs is subject to annual review and in November 2012 the FSB issued an updated list of 28 G-SIBs as well as specifying the higher capital requirements proposed for each. These increased capital requirements will be phased in from January 2016. No Australian bank has been named as a G-SIB based on the current methodology and data.

The G20 also directed the FSB to consider how to extend the framework to a broader set of SIFIs, including Domestic Systemically Important Banks ("**D-SIBs**"), and to make recommendations to the G20. On 12 October 2012, the BCBS issued the paper *A framework for dealing with domestic systemically important banks*. The paper sets out a principles based framework for regulating D-SIBs. However, until APRA develops the rules for implementing the framework in Australia, any impact on Westpac cannot be determined.

APRA's final Basel III prudential standards also include a number of changes to the eligibility criteria for capital instruments, including stricter criteria for instruments to qualify as Additional Tier 1 Capital. The new requirements came into effect on 1 January 2013.

4.2.3 Prudential capital classification

For regulatory capital purposes, Total Capital is the sum of Tier 1 Capital and Tier 2 Capital. Tier 1 Capital is the sum of Common Equity Tier 1 Capital and Additional Tier 1 Capital. Tier 1 Capital is generally considered a higher quality capital than Tier 2 Capital.

APRA has confirmed that the Notes will be eligible for inclusion as Additional Tier 1 Capital under APRA's prudential standard APS 111.

4.2.4 Impact of the issue of the Westpac Capital Notes on Westpac's consolidated balance sheet

Based on Westpac's audited consolidated balance sheet as at 30 September 2012 and assuming an issue size of \$1.25 billion, the issue of the Notes will increase Westpac's loan capital by \$1.23 billion (\$1.25 billion gross proceeds of the Offer, less \$16 million Offer costs) and increase Westpac's cash balances by \$1.23 billion, with no impact on Westpac's net assets or shareholders' equity.

ABOUT WESTPAC

Total assets and total liabilities will increase by approximately 0.18% and 0.20% respectively.

Westpac may raise more or less than \$1.25 billion under the Offer and these figures will be impacted accordingly.

The anticipated proceeds of the Offer will be used by Westpac for general business purposes. The Offer will not have a material impact on Westpac's cash flow. The anticipated proceeds of the Offer represent less than 0.20% of Westpac Group's total liabilities as at 30 September 2012.

4.2.5 Westpac's reported and pro-forma consolidated capital adequacy position as at 30 September 2012

The following table sets out the pro-forma capital adequacy position based on Westpac's audited consolidated balance sheet as at 30 September 2012, adjusted as if the issue of \$1.25 billion of Notes was completed as at that date.

4.2.6 Common Equity Tier 1 Capital Ratio

Regulatory capital helps to protect depositors and other creditors by providing a loss-absorbing capital buffer which supports losses that may be incurred by an ADI. The levels of regulatory capital are an indicator of an ADI's financial strength. Regulatory capital supports Westpac's operations by providing a buffer to absorb unanticipated losses from its activities and, in the event of problems, assists

Westpac to continue to operate in a sound and viable manner. Common Equity Tier 1 Capital is the highest form of regulatory capital.

Westpac's Common Equity Tier 1 Capital Ratio was 8.38% on a Level 2 basis as at 30 September 2012. On 28 September 2012, APRA released its final capital adequacy standards governing the implementation of the Basel III capital framework in Australia, which commenced on 1 January 2013 – see Section 4.2.2. Under Basel III, Westpac's estimated Common Equity Tier 1 Capital Ratio was 8.16% on a Level 2 basis as at 30 September 2012.

Under Basel III, Westpac's Level 1 and Level 2 Common Equity Tier 1 Capital Ratios are above APRA's minimum requirement of 4.5% of risk weighted assets applicable from 1 January 2013. Westpac's Level 1 and Level 2 Common Equity Tier 1 Capital ratios are also above the regulatory minimum of 7.0% applicable from 1 January 2016, which includes the capital conservation buffer requirement of 2.5%. APRA also requires ADIs, including Westpac to maintain minimum prudential capital ratios which may not be disclosed. Westpac holds sufficient Common Equity Tier 1 Capital to meet APRA's minimum prudential capital ratios on a Level 1 and Level 2 basis.

Under APRA's Basel III requirements, Additional Tier 1 Capital instruments such as the Westpac Capital Notes, must include certain loss absorption requirements such as Conversion of the Westpac

Westpac reported and pro-forma consolidated capital adequacy position (Level 2)

	Reported 30 September 2012	Pro-forma Adjustments	Pro-forma 30 September 2012
Common Equity Tier 1 Capital Ratio – Basel II	8.38%	0.00%	8.38%
Common Equity Tier 1 Capital Ratio – Basel III ¹	8.16%	0.00%	8.16%
Tier 1 Capital Ratio – Basel II	10.25%	0.41%	10.66%
Tier 2 Capital ratio – Basel II	1.40%	0.00%	1.40%
Total Capital Ratio – Basel II	11.65%	0.41%	12.06%

Note:

1. The Common Equity Tier 1 Capital Ratio under Basel III is estimated as at 30 September 2012.

Capital Notes into Ordinary Shares or the termination of Holders' rights when Westpac's regulatory capital falls below certain thresholds – see Section 2.5.7 for a discussion on the Capital Trigger Event. A Capital Trigger Event may occur if Westpac's Common Equity Tier 1 Capital Ratio declines to (or falls below) 5.125%, on either a Level 1 or Level 2 basis, as defined by APRA. For Westpac, Level 1 broadly means Westpac and Level 2 broadly means the regulatory consolidated Westpac Banking Group including offshore banking subsidiaries (for example Westpac New Zealand Limited).

As indicated above, under Basel III, Westpac's estimated Common Equity Tier 1 Capital Ratio on a Level 2 basis was 8.16% at 30 September 2012, considerably above the Capital Trigger Event level of 5.125% – the difference being equivalent to over \$9.3 billion in surplus Common Equity Tier 1 Capital. Under Basel III, Westpac has established a preferred range for its Common Equity Tier 1 Capital Ratio on a Level 2 basis of 8.0% to 8.5%. This preferred range is considerably above the Capital Trigger Event level of 5.125%, and reflects Westpac's desire to remain well capitalised. Westpac's Basel III capital ratios will vary according to the timing of dividend payments and Westpac's preferred range accommodates this volatility.

On a Level 1 basis Westpac's Common Equity Tier 1 Capital Ratio under Basel III at 30 September 2012 was estimated to be 8.15% which was also considerably above the Capital Trigger Event level of 5.125%. Differences between Westpac's Level 1 and Level 2 Common Equity Tier 1 Capital Ratios relate principally to the level of capital held within offshore banking subsidiaries. Westpac expects its Level 1 and Level 2 capital ratios to move in a similar way over time, based on Westpac's current capital management policy for Westpac subsidiaries.

4.3 FUNDING AND LIQUIDITY

4.3.1 Funding

The Westpac Group monitors the composition and stability of its funding base so it is maintained within the Westpac Group's funding liquidity risk appetite. This includes a target of greater than 75% for the stable funding ratio. Stable funding includes customer

deposits, wholesale term funding with residual maturity greater than 12 months, equity and securitisation.

The composition and stability of the Westpac Group's funding base strengthened in the 12 months to 30 September 2012. The stable funding ratio increased by six percentage points to 83%, reflecting increased customer deposits and reduced short-term wholesale funding. Customer deposits increased by \$37.6 billion and comprised 58% of the Westpac Group's total funding at 30 September 2012. Long-term wholesale funding comprised 16% of the Westpac Group's total funding as at 30 September 2012, in line with the position as at 30 September 2011, and short-term wholesale funding (including long-term wholesale funding with less than 12 months to maturity) comprised 17%, down from 23% as at 30 September 2011.

Maintaining a diverse funding base and ensuring the Westpac Group has capacity and flexibility to access a wide range of funding markets, debt investors and products is an important part of managing liquidity risk.

Westpac also undertakes an annual funding review that outlines the funding strategy for the coming year. This review encompasses trends in global markets, peer analysis, wholesale funding capacity, expected funding requirements and a funding risk analysis. This strategy is continuously reviewed to take account of changing market conditions, investor sentiment and estimations of asset and liability growth rates.

4.3.2 Liquidity

The Westpac Group has a robust liquidity risk management framework to ensure its ability to meet cash flow obligations under a wide range of market conditions, including name-specific and market wide stress scenarios.

Westpac's liquidity risk management framework models its ability to fund under both normal conditions and during crisis situations, with models run globally and for specific geographical regions: Australia, New Zealand and offshore. This approach is designed to ensure that Westpac's funding framework is sufficiently flexible to accommodate a wide range of market conditions. The liquidity risk management framework is reviewed annually.

ABOUT WESTPAC

As at 30 September 2012, Westpac held \$110 billion in unencumbered liquid assets, up 7% compared to \$103 billion as at 30 September 2011. As at 30 September 2012, the Westpac Group held sufficient liquid assets to cover all short term wholesale debt outstanding and all wholesale debt maturities for over 16 months.

4.3.3 Regulatory Change

On 16 December 2010, the BCBS released the final text of the Basel III liquidity framework. The framework introduces two new liquidity measures, the Liquidity Coverage Ratio (“**LCR**”) and the Net Stable Funding Ratio (“**NSFR**”). The LCR requires banks to hold sufficient High-Quality Liquid Assets (“**HQLA**”), as defined, to withstand 30 days under an acute stress scenario. The BCBS also outlined a timetable for implementation of each measure, with the LCR to be introduced from 1 January 2015 and the NSFR from 1 January 2018, with both liquidity measures subject to an observation and review period.

On 6 January 2013, the Group of Central Bank Governors and Heads of Supervision (“**GHOS**”), the oversight body of the BCBS, announced that it had endorsed a package of amendments to the formulation of the LCR announced in 2010. The package of amendments includes revisions to the definition of HQLA and a timetable for phase-in of the standard. The full text of the revised LCR was issued by the BCBS on 7 January 2013.

In November 2011, APRA released for consultation a discussion paper outlining its proposed implementation of the Basel III liquidity reforms in Australia. The Reserve Bank of Australia (“**RBA**”) concurrently issued a press release regarding the Committed Liquidity Facility (“**CLF**”). The CLF provides a pathway for Australian banks to meet the requirements of the LCR by allowing access to a pre-specified amount of liquidity through repurchase agreements of eligible securities outside the RBA’s normal market operations.

A number of important details regarding APRA’s draft APS 210 and the RBA’s CLF are yet to be finalised, including APRA’s response to the LCR revisions announced by the BCBS in January 2013. As such, the potential impact on the composition and size of the Westpac Group’s liquid asset portfolio, and the impacts on the liquidity risk management framework, are yet to be confirmed. Further details are expected from APRA in the first half of 2013.

5

INVESTMENT RISKS

This Section describes some of the potential risks associated with an investment in the Westpac Capital Notes. It is divided into risks that are specific to the Westpac Capital Notes and risks that relate to an investment in Westpac.

Before applying for Notes, you should consider whether the Notes are a suitable investment for you. There are risks associated with an investment in the Notes, many of which are outside the control of Westpac. These risks include those in this Section 5 and other matters referred to in this Prospectus.

INVESTMENT RISKS

This Section sets out:

- 5.1 Investment risks relating to the Westpac Capital Notes
- 5.2 Investment risks relating to Westpac

5.1 INVESTMENT RISKS RELATING TO THE WESTPAC CAPITAL NOTES

Set out in this Section 5.1 are risks associated specifically with an investment in the Notes.

In particular, these risks arise from the nature of the Notes and the Westpac Capital Notes Terms. You should also consider the other risks in Section 5.2 as they relate to Westpac.

5.1.1 Investments in Westpac Capital Notes are not deposit liabilities or protected accounts under the Banking Act or Financial Claims Scheme

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 are not guaranteed or insured by any Australian government, government agency or compensation scheme of Australia or any other jurisdiction.

5.1.2 Ranking of the Westpac Capital Notes

In the unlikely event of a Winding Up, if the Notes are still on issue they will rank:

- ahead of Ordinary Shares;
- equally with all Equal Ranking Capital Securities which currently include TPS 2003, TPS 2004, Westpac TPS, Westpac SPS, Westpac SPS II and Westpac CPS; and
- behind Senior Creditors.

If, in a Winding Up, the Notes have not been Converted, Redeemed or Transferred, Holders will be entitled to be paid the Liquidation Sum at the commencement of the Winding Up (or if less actual cash is available to Westpac for distribution to Holders, a proportionate share of that cash).

The Liquidation Sum is an amount of surplus assets equal to \$100 (as adjusted for a write-off or Conversion under clauses 5.1 or 5.2 of the Westpac Capital Notes Terms).

The claim for the Liquidation Sum effectively ranks equally with Equal Ranking Capital Securities, but is subordinated to Senior Creditors. As the Notes rank after Senior Creditors, there is a risk that in the Winding Up, there will be insufficient funds to provide any return to Holders.

If the Notes have been Converted (including in the unlikely occurrence of a Capital Trigger Event or Non-Viability Trigger Event), Holders will hold Ordinary Shares and rank equally with other holders of Ordinary Shares in a Winding Up.

Where a Capital Trigger Event or Non-Viability Trigger Event occurs, if for any reason Conversion of Notes is not possible (for example due to applicable laws, order of a court or action of any government authority) and Westpac is not able to issue the Ordinary Shares within 5 Business Days following such an event, then the Holder's rights (including to Distributions) in relation to those Notes are immediately and irrevocably terminated. Your investment will lose all of its value and you will not receive any compensation.

However, it is likely that any Capital Trigger Event or Non-Viability Trigger Event would occur prior to a Winding Up, requiring the Conversion of the Notes.

5.1.3 Market price of the Westpac Capital Notes may fluctuate

Westpac has applied for quotation of the Notes on ASX, but Westpac is unable to forecast the market price and liquidity of the market for the Notes. The market price for the Notes may fluctuate due to various factors, including:

- changes in Australian and international economic and market conditions, interest rates, credit margins, foreign exchange rates and equity markets;
- changes in investor perception and sentiment in relation to Westpac or the financial services industry;
- changes in the market price of Ordinary Shares and/or other debt securities or other Capital Securities issued by Westpac or by other issuers;

- Westpac’s financial performance and position; and
- other major Australian and international events such as hostilities and tensions, and acts of terrorism.

It is possible that the Notes may trade at a market price above or below the Face Value as a result of these and other factors. The market price of the Notes may be more sensitive than that of equity to changes in interest rates, credit margins and/or other market prices.

5.1.4 The liquidity of the Westpac Capital Notes may be low

The market for the Notes may be less liquid than the market for Ordinary Shares. Holders who wish to sell their Notes may be unable to do so at an acceptable price, or at all, if insufficient liquidity exists in the market for the Notes.

Westpac does not guarantee the market price of the Notes. There is a risk that if you sell Notes before the Scheduled Conversion Date, you may lose some of the money you invested.

5.1.5 Distributions may not be paid

Distributions are discretionary and only payable subject to satisfaction of the Distribution Payment Conditions, being:

- Westpac’s absolute discretion;
- the payment of Distributions not resulting in a breach of Westpac’s capital requirements under APRA’s prudential standards;
- the payment of Distributions not resulting in Westpac becoming, or being likely to become, insolvent; and
- APRA not otherwise objecting to the payment.

Payments of Distributions are non-cumulative. If a Distribution is not paid in full because the Distribution Payment Conditions are not satisfied, you will not be entitled to receive the unpaid portion of that Distribution. No interest accrues on any unpaid Distributions and Westpac has no liability to the Holder and the Holder has no claim in respect of such non-payment. Non-payment of a Distribution will not be an event of default and Holders have no right to apply for a Winding Up on the grounds of Westpac’s failure to pay a Distribution.

Further, under the terms of some other securities issued by Westpac, Westpac may not be able to pay Distributions if it does not pay distributions on those other securities. If this occurs, the dividend and capital restrictions outlined above will apply.

5.1.6 Changes in the Distribution Rate

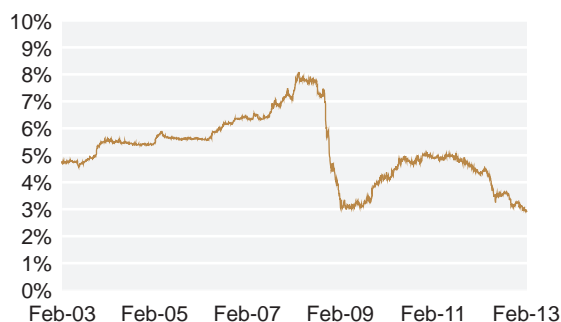
The Distribution Rate is calculated for each Distribution Period by reference to the relevant 90 day Bank Bill Rate, which is influenced by a number of factors and varies over time. The Distribution Rate will fluctuate and may increase and/or decrease over time with movements in the 90 day Bank Bill Rate.

The movements in the 90 day Bank Bill Rate over the last 10 years are set out in the chart below.

As the Distribution Rate fluctuates, there is a risk that the rate may become less attractive when compared to returns available on comparable securities issued by Westpac or other issuers or other investments.

Westpac does not guarantee any particular rate of return on the Notes.

90 day Bank Bill Rate (% per annum)¹



Note:

1. Source: IRESS.

The above graph is for illustrative purposes only and does not indicate, guarantee or forecast the actual Bank Bill Rate. Past levels are not necessarily indicative of future levels. The actual Bank Bill Rate for the first and any subsequent Distribution Period may be higher or lower than the rates in the above graph.

5.1.7 A Capital Trigger Event or a Non-Viability Trigger Event may occur

A Capital Trigger Event occurs when Westpac determines, or APRA notifies Westpac in writing that it believes, that either or both the Westpac Level 1 Common Equity Tier 1 Capital Ratio or Westpac Level 2 Common Equity Tier 1 Capital Ratio is equal to or is less than 5.125%.

INVESTMENT RISKS

The Common Equity Tier 1 Capital Ratio is the ratio of Westpac's Common Equity Tier 1 Capital to its risk weighted assets, where Common Equity Tier 1 Capital is the strongest form of capital held by Westpac.

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

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

It should be noted that whether a Non-Viability Trigger Event will occur is at the discretion of APRA and there are currently no Australian precedents for this. The circumstances in which APRA may exercise its discretion are not limited to when APRA may have a concern about a bank's capital levels but may also include when APRA has a concern about a bank's funding and liquidity levels.

Westpac has a framework in place to manage capital, funding and liquidity risk to avoid experiencing financial difficulty. Under Basel III, Westpac's estimated Common Equity Tier 1 Capital Ratio on a Level 2 basis was 8.16% at 30 September 2012, which equated to a surplus of more than \$9.3 billion above the Common Equity Tier 1 Capital Ratio of 5.125% (applicable to a Capital Trigger Event) on 30 September 2012. Under Basel III, Westpac's estimated Common Equity Tier 1 Capital Ratio on a Level 1 basis was slightly lower at 8.15%, which was also considerably above the Capital Trigger Event level of 5.125%.

In Section 5.2, a number of general risks associated with Westpac's businesses are outlined. If one, or a combination, of these risks leads to a significant capital loss, or prolonged difficulties in raising funding or maintaining sufficient liquidity, Westpac believes this may be the type of situation in which APRA becomes concerned and notifies Westpac that it has become non-viable. It should be noted that these are examples. The risks outlined in Section 5.2 are not exhaustive and there may be other risks which affect the financial performance and condition of Westpac.

The inclusion of the Capital Trigger Event and Non-Viability Trigger Event in the terms of regulatory capital instruments is a relatively new requirement under APRA's prudential standards and is intended to provide an advanced framework for the Notes to replenish Westpac's Common Equity Tier 1 Capital if Westpac experiences significant financial difficulty.

For further information about Westpac's capital, funding and liquidity risk management and the Westpac Level 2 Common Equity Tier 1 Capital Ratio surplus above the level of 5.125%, see Sections 4.2.1, 4.2.6, 4.3.1 and 4.3.2.

5.1.8 Conversion following a Capital Trigger Event or Non-Viability Trigger Event

Upon the occurrence of a Capital Trigger Event or Non-Viability Trigger Event, all or some of the Notes (or a percentage of the Face Value of each Note) will Convert into the Conversion Number of Ordinary Shares based on the VWAP during the 5 Business Days prior to but not including the Capital Trigger Event Conversion Date or Non-Viability Trigger Event Conversion Date. Such Conversion is not subject to the Scheduled Conversion Conditions being satisfied and Holders will receive the Conversion Number of Ordinary Shares on the Conversion Date, which will not exceed the Maximum Conversion Number.

Any ASX trades in Notes that have not settled on the date a Capital Trigger Event or Non-Viability Trigger Event occurs will continue to settle in accordance with the normal ASX T+3 settlement, although the seller will be treated as having delivered, and the buyer will be treated as having acquired, the number of Ordinary Shares into which the Notes have been Converted as a result of the occurrence of the Capital Trigger Event or Non-Viability Trigger Event.

If a Non-Viability Trigger Event occurs because there has been a public sector injection of capital, or other public sector support, APRA may require the full Face Value of Notes to be Converted.

The Maximum Conversion Number of Ordinary Shares, in the case of Conversion following a Capital Trigger Event or Non-Viability Trigger Event, will be calculated based on a VWAP set to reflect 20% of the Issue Date VWAP (as opposed to 50% in the case of Scheduled Conversion).

Accordingly, depending upon the Ordinary Share price during the 5 Business Days prior to a Capital Trigger Event Conversion Date or Non-Viability Trigger Event Conversion Date, the value of Ordinary Shares received for each Note may be less than the Face Value of each Note.

5.1.9 Termination of rights where Conversion not possible following a Capital Trigger Event or Non-Viability Trigger Event

If for any reason Conversion of Notes is not possible (for example due to applicable laws, order of a court or action of any government authority) and Westpac is not able to issue the Ordinary Shares within 5 Business Days following a Capital Trigger Event or Non-Viability Trigger Event, then the Holder's rights (including to Distributions) in relation to those Notes are immediately and irrevocably terminated. Your investment will lose its value and you will not receive any compensation.

5.1.10 Exposure to Westpac's financial performance and position

Investments in Notes are an investment in Westpac and may be affected by the ongoing performance and financial position of Westpac.

On the Scheduled Conversion Date you will receive Ordinary Shares issued by Westpac subject to the satisfaction of the Scheduled Conversion Conditions. Furthermore, Notes will Convert into Ordinary Shares prior to the Scheduled Conversion Date in certain specified circumstances – see Section 2.5.

As a result, if Westpac's financial performance or position declines, or if market participants anticipate that it may decline, an investment in the Notes could decline in value even if the Notes have not been Converted.

5.1.11 The Ordinary Share price used to calculate the Conversion Number of Ordinary Shares may be different to the market price of Ordinary Shares at the time of Conversion

The number of Ordinary Shares issued to Holders upon Conversion will generally depend on the average of the daily VWAP of Ordinary Shares over the 20 Business Days on which trading in Ordinary

Shares took place immediately prior to the relevant Conversion Date (or in the case of a Capital Trigger Event or Non-Viability Trigger Event, the average of the daily VWAP over 5 Business Days prior to the Conversion Date). Accordingly, the Ordinary Share price used to calculate the Conversion Number of Ordinary Shares may be different to the market price of Ordinary Shares at the time of Conversion so that the value of Ordinary Shares you receive may be less than the value of those Ordinary Shares based on the Ordinary Share price on the Conversion Date.

The market price for Ordinary Shares following Conversion will fluctuate due to various factors, including:

- changes in Australian and international economic and market conditions, interest rates, credit margins, foreign exchange rates and equity markets;
- changes in investor perception and sentiment in relation to Westpac or the financial services industry;
- changes in the market price of Ordinary Shares and/or other debt securities or other Capital Securities issued by Westpac or by other issuers;
- Westpac's financial performance and position; and
- other major Australian and international events such as hostilities and tensions, and acts of terrorism.

These risks are described in Section 5.2 and may have an impact on the market price of Ordinary Shares, as well as the market price of the Notes.

5.1.12 Holders cannot request Redemption, Conversion or Transfer of the Westpac Capital Notes

Holders have no right to request Redemption, Conversion or Transfer of the Notes for any reason. Therefore, to realise your investment you would have to sell your Notes on ASX at the prevailing market price. Depending on market conditions at the time, the Notes may be trading at a market price below the Face Value and/or the market for the Notes may not be liquid. Westpac does not guarantee that you will be able to sell your Notes on the ASX at an acceptable price or at all.

INVESTMENT RISKS

5.1.13 Conversion may or may not occur on 8 March 2021

The Notes may Convert into Ordinary Shares on 8 March 2021, being the first possible Scheduled Conversion Date. However, there is a risk that Conversion will not occur on 8 March 2021 because the Scheduled Conversion Conditions are not satisfied – see Section 2.4.4. The Scheduled Conversion Conditions will not be satisfied if the VWAP of Ordinary Shares on the 25th Business Day on which trading in Ordinary Shares took place before (but not including) the Scheduled Conversion Date is less than 56.12% of the Issue Date VWAP, or the VWAP of Ordinary Shares during the period of 20 Business Days on which trading in Ordinary Shares took place before (but not including) the Scheduled Conversion Date is less than 50.51% of the Issue Date VWAP.

The market price of Ordinary Shares will fluctuate due to various factors including:

- changes in Australian and international economic and market conditions, interest rates, credit margins, foreign exchange rates and equity markets;
- changes in investor perception and sentiment in relation to Westpac or the financial services industry;
- changes in the market price of Ordinary Shares and/or other debt securities or other Capital Instruments issued by Westpac or by other issuers;
- Westpac's financial performance and position; and
- other major Australian and international events such as hostilities and tensions, and acts of terrorism.

There can be no assurance as to what the market price of Ordinary Shares will be around 8 March 2021.

If Conversion does not occur on a potential Scheduled Conversion Date, Distributions will continue to be paid on the Notes, subject to the Distribution Payment Conditions.

The Notes are perpetual instruments. If the Ordinary Share price deteriorates significantly and never recovers, it is possible that the Scheduled Conversion Conditions will never be satisfied and, if this occurs, the Notes may never Convert.

5.1.14 Redemption at Westpac's initiation

Westpac may (subject to APRA's prior written approval) initiate Redemption of some or all of the Notes on 8 March 2019 (being the Optional Redemption/Transfer Date).

Westpac may also (subject to APRA's prior written approval) initiate Redemption of all (but not some only) of the Notes following the occurrence of a Franking Event, Tax Event or Regulatory Event, provided that Westpac has obtained a supporting opinion of reputable legal counsel or other tax adviser (as applicable), experienced in such matters, or, in the case of a Regulatory Event, confirmation from APRA.

Redemption is subject to Westpac receiving APRA's prior written approval. There can be no certainty that APRA will provide its prior written approval.

Redemption may occur on dates not previously contemplated by you, which may be disadvantageous in light of market conditions or your individual circumstances. This means that the period for which Holders will be entitled to the benefit of the rights attaching to the Notes is unknown.

Where you receive cash on Redemption or Transfer, the rate of return at which you could re-invest your funds may be lower than the Distribution Rate at the time. Further, upon Redemption you will receive the Face Value of the Notes which may be less than their market value immediately prior to Redemption.

5.1.15 Transfer

On the Optional Redemption/Transfer Date, Westpac may elect to issue a Transfer Notice, requiring Notes to be Transferred to a Nominated Party for a cash amount per Note equal to the Face Value.

Upon a Transfer of Notes, it will be the Nominated Party's obligation to pay the aggregate Face Value of the Notes being Transferred, not Westpac's. If the Nominated Party does not pay this amount to Holders, then Transfer will not proceed, in which case Holders will continue to hold Notes in accordance with the Westpac Capital Notes Terms.

Where you receive cash pursuant to a Transfer, the rate of return at which you could re-invest your funds may be lower than the Distribution Rate at the time.

5.1.16 No fixed maturity date

The Notes are perpetual instruments. The Notes may Convert on a potential Scheduled Conversion Date, but it is possible that market conditions at the time may be such that the Scheduled Conversion Conditions are not satisfied. If the Ordinary Share price falls far enough it is possible that the Notes will not Convert at any point in time. Furthermore, any Redemption or Transfer is subject to the discretion of Westpac, and, in respect of Redemption, obtaining APRA's prior written approval, and it is also possible that neither of these occur at any point in time.

5.1.17 Implementation of the Basel III framework in Australia

Any fall in Westpac's Common Equity Tier 1 Capital Ratio as a result of changes to APRA's implementation of the Basel III framework may adversely impact the market price of the Notes or potentially increase the chance at a later date that Conversion of Notes takes place due to the occurrence of a Capital Trigger Event (a Capital Trigger Event will occur where Westpac's Common Equity Tier 1 Capital Ratio is equal to or less than 5.125% on a Level 1 or Level 2 basis) or a Non-Viability Trigger Event (a Non-Viability Trigger Event will occur where APRA notifies Westpac in writing that it believes Conversion of some or all of the Notes or a public sector injection of capital, or equivalent support, is necessary because, without it, Westpac would become non-viable).

See Section 5.1.8 for the risk associated with Conversion of the Notes due to the occurrence of a Capital Trigger Event or Non-Viability Trigger Event.

See Sections 2.7, 4.2.1, 4.2.2, 4.2.3 and 4.2.6 for more information about the Basel III capital framework.

5.1.18 Regulatory classification

APRA has confirmed that the Notes will be eligible for inclusion as Additional Tier 1 Capital under APRA's prudential standard APS 111.

However, if APRA subsequently determines that the Notes do not or will not qualify for Additional Tier 1 Capital treatment (under the Basel III capital adequacy framework, as amended from time to time), Westpac may decide that a Regulatory Event has

occurred and may elect Redemption of the Notes (subject to APRA's prior written approval) – see Sections 2.6.1 and 2.6.5.

A Regulatory Event may also occur as a result of other regulatory changes. See Section 2.6.5 for information on what constitutes a Regulatory Event, and Section 5.2.1 for risks associated with regulation for Westpac generally.

5.1.19 Taxation treatment

A general description of the Australian taxation consequences of investing in the Notes is set out in the Taxation Letter from Allens in Section 6. This Taxation Letter is provided in general terms and is not intended to provide specific advice in relation to the circumstances of any particular potential investor or Holder. Accordingly, you should seek independent advice in relation to your individual tax position before you choose to apply for or invest in the Notes.

A Franking Event will occur if Westpac determines (as supported by advice from reputable legal counsel or other tax adviser) that as a result of a change or proposed change in, or amendment or proposed amendment to, the laws of Australia or their application (including as a result of a court decision) which was not expected by Westpac at the Issue Date and has or is expected to become effective on or after the Issue Date there is a material risk that any Distribution would not be a frankable distribution within the meaning of Division 202 of the Tax Act.

A Tax Event will occur if Westpac determines (as supported by advice from reputable legal counsel or other tax adviser) that there is a material risk that the Westpac Group will incur more than an insubstantial increase in costs or taxes in relation to the Notes other than a tax or cost that Westpac expected at the Issue Date.

In each of those situations, the risk, amendment or court decision may itself be a Franking Event or Tax Event, even before the cost or tax is incurred or the Distribution ceases to be frankable. If a Franking Event or Tax Event occurs, Westpac may Redeem the Notes (subject to the conditions contained in the Westpac Capital Notes Terms, including that Westpac has obtained a supporting opinion of reputable legal counsel or other tax adviser, experienced in such

INVESTMENT RISKS

matters, in relation to the Franking Event or Tax Event, as applicable – see Section 2.6.4).

5.1.20 FATCA withholding and reporting

Legislation incorporating provisions referred to as the Foreign Account Tax Compliance Act provisions or “**FATCA**”, was passed in the United States on 18 March 2010. This description is based on guidance issued to date by the US Internal Revenue Service (the “**IRS**”), including recently issued final regulations. Future guidance may affect the application of FATCA to the Notes.

It is possible that, in order to comply with FATCA, Westpac (or, if Notes are held through another financial institution, such other financial institution) may be required (pursuant to an agreement with the IRS or under applicable law) (i) to request certain information from Holders or beneficial owners of Notes, which information may be provided to the IRS, and (ii) to withhold United States tax on some portion of payments made after 31 December 2016 with respect to Notes if such information is not provided or if payments are made to certain foreign financial institutions that have not entered into a similar agreement with the IRS (and are not otherwise required to comply with the FATCA regime under applicable law).

If Westpac or any other person is required to withhold amounts under or in connection with FATCA from any payments made in respect of Notes, Distributions will not be adjusted, nor will any other amount be payable, to compensate them for any such withholding.

5.1.21 Future issues of securities by Westpac

Westpac and members of the Westpac Group may, at their absolute discretion, issue securities in the future that:

- rank for distribution or payment of capital (including in the Winding Up of Westpac or another member of the Westpac Group) equally with, behind or ahead of the Notes; or
- have the same or different dividend, interest or distribution rates as the Notes; or
- have the same or different terms and conditions as the Notes.

Any issue of other securities may affect your ability to recover the Liquidation Sum due to you on a Winding Up, if the Notes are on issue at the time.

The Westpac Capital Notes Terms do not require Westpac to refrain from certain business changes or require Westpac to operate within certain ratio limits.

An investment in Notes carries no right to participate in any future issue of securities (whether equity, hybrid, debt or otherwise) by any member of the Westpac Group.

No prediction can be made as to the effect, if any, such future issues of securities by an entity in the Westpac Group may have on the market price or liquidity of the Notes.

5.1.22 Successor holding company

Where Westpac is replaced as the ultimate holding company of the Westpac Group by an Approved Successor and certain other conditions are satisfied, Conversion of Notes will not be triggered but Westpac may instead be allowed to make amendments (provided APRA's prior written approval is obtained) to substitute the Approved Successor as the debtor in respect of the Notes and the issuer of the ordinary shares issued on Conversion and to make certain other amendments to the Westpac Capital Notes Terms.

Accordingly, potential investors should be aware that, if:

- Westpac is replaced by an Approved Successor as the ultimate holding company of the Westpac Group; and
- a substitution of the Approved Successor as the debtor in respect of the Notes and the issuer of the ordinary shares on Conversion is effected under the Westpac Capital Notes Terms,

Holders will be obliged to accept Approved Successor Shares and will not receive Ordinary Shares on Conversion.

Potential investors should also be aware that Holders may not have a right to vote on any proposal to approve, implement or give effect to the establishment of an Approved Successor.

Westpac has not made a decision to substitute an Approved Successor as the ultimate holding company of the Westpac Group.

Where Westpac transfers its assets to an Approved Successor, Westpac may as a result have reduced assets which may affect its credit rating and the likelihood Holders will receive their claims in full in a Winding Up.

There is also a risk that establishment of a successor holding company that is not an Approved Successor is treated as an Acquisition Event, leading to the Conversion of the Notes. Further, if the establishment of a successor holding company is treated as an Acquisition Event and Conversion does not occur, a number of different risks may arise for Holders, including that Westpac may be assigned a different credit rating and its financial position may be materially altered thereby adversely affecting its ability to pay Distributions.

5.1.23 Amendment of the Westpac Capital Notes Terms

Westpac may, with APRA's prior written approval where required and subject to compliance with applicable laws, amend the Westpac Capital Notes Terms without the approval of Holders. This includes an amendment which, in Westpac's opinion, is:

- of a formal, minor or technical nature;
- made to cure ambiguities and manifest errors;
- necessary to give effect to the listing of the Notes on any stock exchange (and is not considered by Westpac to be materially prejudicial to the interest of Holders as a whole) or to comply with applicable laws; or
- generally not materially prejudicial to the interest of Holders as a whole.

Westpac may also amend the Westpac Capital Notes Terms, with APRA's prior written approval, if the amendment has been approved by a Special Resolution of Holders or is necessary to effect the substitution of an Approved Successor as the debtor in respect of the Notes and the issuer of ordinary shares on Conversion.

Amendments under these powers are binding on all Holders despite the fact that a Holder may not agree with the amendment.

APRA's prior written approval to amend the Westpac Capital Notes Terms is always required where the

amendment may impact, or potentially impact, the eligibility of the Notes as Additional Tier 1 Capital.

5.2 INVESTMENT RISKS RELATING TO WESTPAC

Set out in this Section 5.2 are specific risks associated with an investment in Westpac. These risks are relevant to an investment in Notes and Ordinary Shares as the value of such an investment in Notes will depend on Westpac's financial performance and position, regardless of when or if the Notes are Converted or Redeemed.

5.2.1 Westpac's businesses are highly regulated and it could be adversely affected by failing to comply with existing laws and regulations or by changes in laws and regulations and regulatory policy

As a financial institution, Westpac is subject to detailed laws and regulations in each of the jurisdictions in which it operates or obtains funding, including Australia, New Zealand and the United States. Westpac is also supervised by a number of different regulatory authorities which have broad administrative power over its businesses. In Australia, the relevant regulatory authorities include APRA, ASIC, ASX, the Reserve Bank of Australia ("RBA"), the Australian Competition and Consumer Commission ("ACCC") and the Australian Transaction Reports and Analysis Centre ("AUSTRAC"). The Reserve Bank of New Zealand has supervisory oversight of Westpac's New Zealand operations. In the United States Westpac is subject to supervision and regulation by the US Office of the Comptroller of the Currency, the Board of Governors of the Federal Reserve System and the US Securities and Exchange Commission.

Westpac is responsible for ensuring that it complies with all applicable legal and regulatory requirements (including accounting standards) and industry codes of practice in the jurisdictions in which it operates or obtains funding, as well as meeting its ethical standards.

INVESTMENT RISKS

Compliance risk arises from these legal and regulatory requirements. If Westpac fails to comply with applicable laws and regulations, it may be subject to fines, penalties or restrictions on its ability to do business. An example of the broad administrative power available to regulatory authorities is the power available to APRA under the Banking Act in certain circumstances to investigate Westpac's affairs and/or issue a direction to it (such as a direction to comply with a prudential requirement, to conduct an audit, to remove a director, executive officer or employee or not to undertake transactions). Any such costs and restrictions resulting from the exercise of these powers could adversely affect Westpac's business, reputation, prospects, financial performance or financial condition.

As with other financial services providers, Westpac continues to face increased supervision and regulation in most of the jurisdictions in which it operates or obtains funding, particularly in the areas of funding, liquidity, capital adequacy and prudential regulation. For example in December 2010 the BCBS announced a revised global regulatory framework, known as Basel III. Basel III will, among other things, increase the required quality and quantity of capital held by banks and introduce new minimum standards for the management of liquidity risk. APRA has announced that it supports the Basel III framework and it will incorporate the framework into its prudential standards. The Basel III framework came into effect on 1 January 2013, subject to various transitional arrangements.

During the year ended 30 September 2012, there has also been a series of other regulatory releases from authorities in the various jurisdictions in which Westpac operates or obtains funding proposing significant regulatory change for financial institutions. This includes global "over the counter" derivatives reform and recovery and resolution planning requirements proposed by the Financial Stability Board, as well as other components of the US Dodd-Frank legislation (including the Volcker Rule) which is designed to reform the entire system for the supervision and regulation of financial firms that operate in or have a connection with the United States, including foreign banks like Westpac. Other areas of potential change that could impact Westpac include changes to accounting and reporting requirements, tax legislation, regulation relating to remuneration, consumer

protection and competition legislation and bribery, anti-money laundering and counter-terrorism financing laws. In addition, further changes may occur driven by policy, prudential or political factors.

Regulation is becoming increasingly extensive and complex. Some areas of potential regulatory change involve multiple jurisdictions seeking to adopt a coordinated approach. Such an approach may not appropriately respond to the specific requirements of the jurisdictions in which Westpac operates and, in addition, such changes may not be consistently introduced across jurisdictions.

Changes may also occur in the oversight approach of regulators. It is possible that governments in jurisdictions in which Westpac operates or obtains funding might revise their application of existing regulatory policies that apply to, or impact, Westpac's business, including for reasons relating to national interest and/or systemic stability.

Regulatory changes and the timing of their introduction continue to evolve and Westpac currently manages its businesses in the context of regulatory uncertainty. The nature and impact of future changes are not predictable and are beyond Westpac's control. Regulatory compliance and the management of regulatory change is an increasingly important part of Westpac's strategic planning. Westpac expects it will be required to continue to invest significantly in compliance and the management and implementation of regulatory change and, at the same time, significant management attention and resources will be required to update existing processes and procedures or implement new processes and procedures to comply with the new regulations.

Regulatory change may also impact Westpac's operations by requiring it to have increased levels of liquidity and higher levels of, and better quality, capital as well as place restrictions on the businesses Westpac conducts or require it to alter its product and service offerings. If regulatory change has any such effect, it could adversely affect one or more of Westpac's businesses, restrict Westpac's flexibility, require Westpac to incur substantial costs and impact the profitability of one or more of Westpac's business lines. Any such costs or restrictions could adversely affect Westpac's business, prospects, financial performance or financial condition.

5.2.2 Adverse credit and capital market conditions may significantly affect Westpac's ability to meet funding and liquidity needs and may increase its cost of funding

Westpac relies on credit and capital markets to fund its business and as a source of liquidity. Westpac's liquidity and costs of obtaining funding are related to credit and capital market conditions.

Global credit and capital markets have experienced extreme volatility, disruption and decreased liquidity in recent years. While there have been periods of stability in these markets, the environment has become more volatile and unpredictable. This has been exacerbated by the potential for sovereign debt defaults and/or banking failures in Europe which has contributed to volatility in stock prices and credit spreads. Adding to the uncertainty has been a slowing in the economic outlook for a number of countries, including China and the uncertain recovery of the United States economy. Westpac's direct exposure to the affected European countries is immaterial, with the main risks Westpac faces being damage to market confidence, changes to the access and cost of funding and a slowing in global activity or through other impacts on entities with whom Westpac does business.

As of 30 September 2012, approximately 35% of Westpac's total net funding originated from domestic and international wholesale markets, of this around 59% was sourced outside Australia and New Zealand.

A shift in investment preferences of businesses and consumers away from bank deposits toward other asset or investment classes would increase Westpac's need for funding from relatively less stable or more expensive forms of funding.

If market conditions deteriorate due to economic, financial, political or other reasons, Westpac's funding costs may be adversely affected and its liquidity, funding and lending activities may be constrained.

If Westpac's current sources of funding prove to be insufficient, it may be forced to seek alternative financing. The availability of such alternative financing, and the terms on which it may be available, will depend on a variety of factors, including prevailing market conditions, the availability of credit, Westpac's credit

ratings and credit market capacity. Even if available, the cost of these alternatives may be more expensive or on unfavourable terms, which could adversely affect Westpac's results of operations, liquidity, capital resources and financial condition. There is no assurance that Westpac will be able to obtain adequate funding and do so at acceptable prices, nor that it will be able to recover any additional costs.

If Westpac is unable to source appropriate funding, it may also be forced to reduce its lending or begin to sell liquid securities. Such actions may adversely impact Westpac's business, prospects, liquidity, capital resources, financial performance or financial condition.

Westpac enters into collateralised derivative positions, which may require Westpac to post additional collateral based on adverse movements in market rates, which would adversely affect Westpac's liquidity.

5.2.3 Failure to maintain its current credit ratings could adversely affect Westpac's cost of funds, liquidity, competitive position and access to capital markets

Credit ratings are opinions on Westpac's creditworthiness. Westpac's credit ratings affect the cost and availability of its funding from capital markets and other funding sources and they may be important to customers or counterparties when evaluating Westpac's products and services. Therefore, maintaining high quality credit ratings is important.

The credit ratings assigned to Westpac by rating agencies are based on an evaluation of a number of factors, including Westpac's financial strength, structural considerations regarding the Australian financial system and the credit rating of the Australian Federal Government. A credit rating downgrade could be driven by the occurrence of one or more of the other risks identified in this Section 5.2 or by other events including changes to the methodologies used by the rating agencies to determine ratings.

Standard & Poor's has changed its methodology for determining bank ratings and published new criteria on 9 November 2011. On 1 December 2011 Standard & Poor's announced the updated ratings for certain banks across the Asia-Pacific region under the revised approach and Westpac, along with the

INVESTMENT RISKS

other major Australian banks, was issued a lower long-term, senior unsecured credit rating. The outlook for the credit rating is stable.

On 24 February 2012, following its review of the debt ratings of the four major Australian banks, Fitch announced that Westpac had been issued a lower long-term senior unsecured issuer default rating, in line with the other major Australian banks. The outlook for the credit rating is stable.

If Westpac fails to maintain its current credit ratings, this could adversely affect its cost of funds and related margins, collateral requirements, liquidity, competitive position and its access to capital markets. The extent and nature of these impacts would depend on various factors, including the extent of any ratings change, whether Westpac's ratings differ among agencies (split ratings) and whether any ratings changes also impact Westpac's peers or the sector.

5.2.4 A systemic shock in relation to the Australian, New Zealand or other financial systems could have adverse consequences for Westpac or its customers or counterparties that would be difficult to predict and respond to

There is a risk that a major systemic shock could occur that causes an adverse impact on the Australian, New Zealand or other financial systems.

As outlined above, the financial services industry and capital markets have been, and may continue to be, adversely affected by continuing market volatility and the negative outlook for global economic conditions. During the first half of 2012 there was an increased focus on the potential for sovereign debt defaults and/or significant bank failures in the 17 countries comprising the Eurozone, which exacerbated these conditions. There can be no assurance that the market disruptions in the Eurozone, including the increased cost of funding for certain Eurozone governments, will not spread, nor can there be any assurance that future assistance packages will be available or sufficiently robust to address any further market contagion in the Eurozone or elsewhere. If the situation in the Eurozone worsens, there could be serious implications for the European Union and the euro, which,

if destabilised, could result in currency fluctuations and operational disruptions that negatively impact the Westpac Group.

Any such market and economic disruptions could adversely affect financial institutions such as Westpac because consumer and business spending may decrease, unemployment may rise and demand for the products and services Westpac provides may decline, thereby reducing its earnings. These conditions may also affect the ability of Westpac's borrowers to repay their loans or its counterparties to meet their obligations, causing Westpac to incur higher credit losses. These events could also result in the undermining of confidence in the financial system, reducing liquidity and impairing Westpac's access to funding and impairing Westpac's customers and counterparties and their businesses. If this were to occur, Westpac's business, prospects, financial performance or financial condition could be adversely affected.

The nature and consequences of any such event are difficult to predict and there can be no guarantee that Westpac could respond effectively to any such event.

5.2.5 Declines in asset markets could adversely affect Westpac's operations or profitability

Declines in Australian, New Zealand or other asset markets, including equity, residential and commercial property and other asset markets, could adversely affect Westpac's operations and profitability.

Declining asset prices impact Westpac's wealth management business and other asset holdings. Earnings in Westpac's wealth management business are, in part, dependent on asset values because it receives fees based on the value of securities and/or assets held or managed. A decline in asset prices could negatively impact the earnings of this business.

Declining asset prices could also impact customers and counterparties and the value of security Westpac holds against loans and derivatives which may impact its ability to recover amounts owing to it if customers or counterparties were to default. It may also affect Westpac's level of provisioning which in turn impacts profitability.

5.2.6 Westpac's business is substantially dependent on the Australian and New Zealand economies

Westpac's revenues and earnings are dependent on economic activity and the level of financial services its customers require. In particular, lending is dependent on various factors including economic growth, business investment, levels of employment, interest rates and trade flows in the countries in which Westpac operates.

Westpac currently conducts the majority of its business in Australia and New Zealand and, consequently, its performance is influenced by the level and cyclical nature of lending in these countries. These factors are in turn impacted by both domestic and international economic conditions, natural disasters and political events. A significant decrease in the Australian and New Zealand housing markets or property valuations could adversely impact Westpac's home lending activities because the ability of its borrowers to repay their loans or counterparties to honour their obligations may be affected, causing Westpac to incur higher credit losses, or the demand for Westpac's home lending products may decline.

Adverse changes to the economic and business conditions in Australia and New Zealand and other countries such as China, India and Japan, could also adversely affect the Australian economy and customers. In particular, due to the current relationship between Australia and China in the mining and resources sectors, a slowdown in China's economic growth could negatively impact the Australian economy. Changes in economic conditions could in turn result in reduced demand for Westpac's products and services and affect the ability of its borrowers to repay their loans. If this were to occur, it could negatively impact Westpac's business, prospects, financial performance or financial condition.

5.2.7 An increase in defaults in credit exposures could adversely affect Westpac's liquidity, capital resources, financial performance or financial condition

Credit risk is a significant risk and arises primarily from Westpac's lending activities. The risk arises from the possibility that some customers and counterparties

will be unable to honour their obligations to Westpac, including the repayment of loans and interest.

Credit risk also arises from certain derivative contracts Westpac enters into and from Westpac's dealings with, and holdings of, debt securities issued by other banks, financial institutions, companies, governments and government bodies the financial conditions of which may be impacted to varying degrees by economic conditions in global financial markets.

Westpac holds collective and individually assessed provisions for its credit exposures. If economic conditions deteriorate, some customers and/or counterparties could experience higher levels of financial stress and Westpac may experience a significant increase in defaults and write-offs, and be required to increase its provisioning. Such events would diminish available capital and could adversely affect Westpac's liquidity, capital resources, financial performance or financial condition.

5.2.8 Westpac faces intense competition in all aspects of its business

The financial services industry is highly competitive. Westpac competes, both domestically and internationally, with retail and commercial banks, asset managers, investment banking firms, brokerage firms, other financial service firms and businesses in other industries with emerging financial services aspirations. This includes specialist competitors that may not be subject to the same capital and regulatory requirements and therefore may be able to operate more efficiently.

If Westpac is unable to compete effectively in its various businesses and markets, its market share may decline. Increased competition may also adversely affect Westpac's results of operations by diverting business to its competitors or creating pressure to lower margins.

Increased competition for deposits could also increase Westpac's cost of funding and cause Westpac to access other types of funding. Westpac relies on bank deposits to fund a significant portion of its balance sheet and deposits have been a relatively stable source of funding. Westpac competes with banks and other financial services firms for such deposits. To the extent that it is not able to

INVESTMENT RISKS

successfully compete for deposits, Westpac would be forced to rely more heavily on more expensive or less stable forms of funding, or reduce lending.

Westpac is also dependent on its ability to offer products and services that match evolving customer preferences. If Westpac is not successful in developing or introducing new products and services or responding or adapting to changes in customer preferences and habits, Westpac may lose customers to its competitors. This could adversely affect Westpac's business, prospects, financial performance and financial condition.

5.2.9 Westpac could suffer losses due to market volatility

Westpac is exposed to market risk as a consequence of its trading activities in financial markets and through the asset and liability management of its financial position. In Westpac's financial markets trading business, it is exposed to losses arising from adverse movements in levels and volatility of interest rates, foreign exchange rates, commodity prices, credit prices and equity prices. If Westpac were to suffer substantial losses due to any market volatility, this may adversely affect its business, prospects, liquidity, capital resources, financial performance or financial condition.

5.2.10 Westpac could suffer losses due to technology failures

The reliability and security of Westpac's information and technology infrastructure and its customer databases are crucial in maintaining its banking applications and processes. There is a risk that these information and technology systems might fail to operate properly or become disabled as a result of events that are wholly or partially beyond Westpac's control or that Westpac's security measures may prove inadequate or ineffective. Any failure of these systems could result in business interruption, loss of customers, theft of intellectual property and customer data, reputational damage and claims for compensation and regulatory investigations and penalties, which could adversely affect Westpac's business, prospects, financial performance or financial condition.

Further, Westpac's ability to develop and deliver products and services to its customers is dependent upon technology that requires periodic renewal. Westpac is constantly managing technology projects including projects to consolidate duplicate technology platforms, simplify and enhance its technology and operations environment, improve productivity and provide for a better customer experience. This includes Westpac's current Strategic Investment Priorities (SIPs) program. Failure to implement these projects or manage associated change effectively could result in cost overruns, a failure to achieve anticipated productivity, operational instability, reputational damage or operating technology that could place Westpac at a competitive disadvantage and may adversely affect its financial performance.

5.2.11 Westpac could suffer losses due to operational risks

Operational risk is the risk of loss resulting from technology failure, inadequate or failed internal processes, people, systems or from external events. In addition to technology failure (see Section 5.2.10), Westpac, as a financial services organisation, is exposed to a variety of operational risks.

Westpac's operations rely on the secure processing, storage and transmission of confidential and other information on its computer systems and networks, and the systems and networks of external suppliers. Although Westpac implements significant measures to protect the security and confidentiality of its information, there is a risk that the computer systems, software and networks on which Westpac relies may be subject to security breaches, unauthorised access, computer viruses, external attacks or internal breaches that could have an adverse security impact and compromise Westpac's confidential information or that of its customers and counterparts. Any such security breach could result in regulatory enforcement actions, reputational damage and reduced operational effectiveness. Such events could subsequently adversely affect Westpac's business, prospects, financial performance or financial condition.

Westpac is also highly dependent on the conduct of its employees. Westpac could, for example, be adversely affected in the event of human error, inadequate or failed processes, or if an employee

engages in fraudulent conduct. While Westpac has policies and processes to minimise the risk of human error and employee misconduct, these policies and processes may not always be effective.

Fraudulent conduct can also emerge from external parties seeking to access Westpac's systems and customers' accounts. If systems, procedures and protocols for managing and minimising fraud fail, or are ineffective, they could lead to loss which could adversely affect Westpac's business, prospects, reputation, financial performance or financial condition.

Westpac relies on a number of suppliers, both in Australia and overseas, to provide services to it and its customers. Failure by these suppliers to deliver services as required could disrupt services and adversely impact Westpac's operations, profitability or reputation.

Operational risks could impact on Westpac's operations or adversely affect demand for its products and services. Operational risks can directly impact Westpac's reputation and result in financial losses which would adversely affect Westpac's financial performance or financial condition.

5.2.12 Westpac could suffer losses due to failures in risk management strategies

Westpac has implemented risk management strategies and internal controls involving processes and procedures intended to identify, monitor and mitigate the risks to which it is subject, including liquidity risk, credit risk, market risk (including interest rate and foreign exchange risk) and operational risk.

However, there are inherent limitations with any risk management framework as there may exist, or emerge in the future, risks that Westpac has not anticipated or identified.

If any of Westpac's risk management processes and procedures prove ineffective or inadequate or are otherwise not appropriately implemented, Westpac could suffer unexpected losses and reputational damage which could adversely affect its business, prospects, financial performance or financial condition.

5.2.13 Westpac could suffer losses due to environmental factors

Westpac and its customers operate businesses and hold assets in a diverse range of geographical locations. Any significant environmental change or external event (including fire, storm, flood, earthquake or pandemic) in any of these locations has the potential to disrupt business activities, impact on Westpac's operations, damage property and otherwise affect the value of assets held in the affected locations and its ability to recover amounts owing to it. In addition, such an event could have an adverse impact on economic activity, consumer and investor confidence, or the levels of volatility in financial markets.

This risk of losses due to environmental factors is also relevant to Westpac's insurance business. The frequency and severity of external events such as natural disasters is difficult to predict and it is possible that the amounts Westpac reserves for such events may not be adequate to cover actual claims that may arise, which could adversely affect its business, prospects, financial performance or financial condition.

5.2.14 Reputational damage could harm Westpac's business and prospects

Westpac's ability to attract and retain customers and its prospects could be adversely affected if its reputation is damaged.

There are various potential sources of reputational damage including potential conflicts of interest, pricing policies, failing to comply with legal and regulatory requirements, ethical issues, engagements and conduct of external suppliers, failing to comply with money laundering laws, trade sanctions and counter-terrorism finance legislation or privacy laws, litigation, information security policies, improper sales and trading practices, failing to comply with personnel and supplier policies, improper conduct of companies in which Westpac holds strategic investments, technology failures, security breaches and risk management failures. Westpac's reputation could also be adversely affected by the actions of the financial services industry in general or from the actions of its customers and counterparties.

INVESTMENT RISKS

Failure to appropriately address issues that could or do give rise to reputational risk could also impact the regulatory change agenda, give rise to additional legal risk, subject Westpac to regulatory enforcement actions, fines and penalties or remediation costs, or harm its reputation among its customers, investors and the marketplace. This could lead to loss of business which could adversely affect Westpac's business, prospects, financial performance or financial condition.

5.2.15 Westpac could suffer losses if it fails to syndicate or sell down underwritten securities

As a financial intermediary Westpac underwrites listed and unlisted debt and equity securities. Underwriting activities include the development of solutions for corporate and institutional customers who need capital and investor customers who have an appetite for certain investment products. Westpac may guarantee the pricing and placement of these facilities. Westpac could suffer losses if it fails to syndicate or sell down its risk to other market participants. This risk is more pronounced in times of market volatility.

5.2.16 Certain strategic decisions may have adverse effects on Westpac's business

Westpac, at times, evaluates and may undertake strategic decisions which may include business expansion. The expansion, or integration of a new business, can be complex and costly and may require Westpac to comply with additional local or foreign regulatory requirements which may carry additional risks. These decisions may, for a variety of reasons, not deliver the anticipated positive business results and could have a negative impact on Westpac's business, prospects, engagement with regulators, financial performance or financial condition.

The summary of risks in this Section 5 is not exhaustive and you should read this Prospectus in its entirety and consult your financial adviser or other professional adviser before deciding whether to invest in Westpac Capital Notes.

6

TAXATION LETTER

If you are considering applying for Westpac Capital Notes, it is important that you understand the taxation consequences of investing in the Westpac Capital Notes. You should read the Taxation Letter from Allens in this Section, and discuss the taxation consequences with your tax adviser, financial adviser or other professional adviser, before deciding whether to invest.

Allens

Deutsche Bank Place
Corner Hunter and Phillip Streets
Sydney NSW 2000 Australia

T +61 2 9230 4000
F +61 2 9230 5333

www.allens.com.au

GPO Box 50
Sydney NSW 2001 Australia
DX 105 Sydney

ABN 47 702 595 758

Allens > < Linklaters

7 February 2013

The Directors
Westpac Banking Corporation
Westpac Place
275 Kent Street
Sydney NSW 2000

Ladies and Gentlemen

Westpac Capital Notes

We have been requested to provide a taxation summary regarding the principal Australian taxation implications for holders of **Westpac Capital Notes** to be issued by Westpac Banking Corporation (**Westpac**) for inclusion in the Prospectus.

The summary below is a general outline of the likely tax consequences for individuals, companies and complying superannuation entities who apply to acquire Westpac Capital Notes under the Prospectus, are residents of Australia for the purpose of Australian income tax laws and who hold Westpac Capital Notes on capital account (**Investors**).

The summary does not address all taxation consequences of ownership of Westpac Capital Notes, nor the positions of other persons who acquire Westpac Capital Notes in the course of a business of trading or investing in securities, such as share traders, investment companies, banks or insurance companies, or who otherwise hold Westpac Capital Notes on revenue account or as trading stock.

Potential Investors should be aware that the actual tax consequences of ownership of Westpac Capital Notes may differ depending on their individual circumstances. **Information contained in this summary is necessarily general in nature and Investors in Westpac Capital Notes will need to consult their own professional tax advisers regarding the consequences of acquiring, holding or disposing of Westpac Capital Notes in light of their particular circumstances.**

This summary assumes that all of the transactions described in the Prospectus will be carried out in the manner described in the Prospectus.

This summary is provided solely for the benefit of Westpac. It is not to be relied upon by any other person. Allens has consented to the inclusion of this letter in the Prospectus, but this letter should not be taken as a statement about any other matter in the Prospectus or in relation to Westpac or the performance of any investment in Westpac, and is subject to the terms of Allens' consent to be named as set out in the Prospectus.

For personal use only

This summary reflects the current provisions of the *Income Tax Assessment Act 1936 (Cth)* (**1936 Act**) and the *Income Tax Assessment Act 1997 (Cth)* (**1997 Act**), the regulations made under those Acts and the current administrative practice of the Australian Taxation Office (**ATO**). Except where expressly stated, it does not otherwise take into account or anticipate changes in taxation laws, whether by way of future judicial decision or legislative actions.

Capitalised terms used in this letter have the same meaning as in the Prospectus, unless otherwise indicated.

For the purpose of preparing this summary we have been instructed by Westpac that:

- the Westpac Capital Notes will be issued by Westpac in Australia;
- Westpac intends to apply the proceeds from the issue of the Westpac Capital Notes for general business purposes; and
- Distributions paid on Westpac Capital Notes are expected, but not guaranteed, to be fully franked.

Westpac has applied for a public Class Ruling requesting confirmation of the ATO's views on the principal tax issues considered below. A Class Ruling will only be issued after the issue of the Westpac Capital Notes. When it has been issued, it will be available on the ATO and Westpac websites.

1. Distributions

(a) Franking credits and tax offsets

The Westpac Capital Notes should be regarded as 'non-share equity interests' and Distributions should be treated as 'non-share dividends' which are frankable.

Investors will be required to include the amounts of any Distributions in their assessable income.

Any franking credits attached to those Distributions should also be included in the assessable income of Investors and tax offsets should generally be available, equal to the amounts of the franking credits, subject to the requirements that the Westpac Capital Notes be held 'at risk' for the requisite periods (see below regarding the 'holding period rule') and that the Commissioner of Taxation does not make an adverse determination (see below regarding the 'anti-avoidance rule').

Where Investors that are individuals or complying superannuation entities are entitled to tax offsets, those offsets will either reduce any tax payable by the Investor, or give rise to a tax refund to the extent that the tax offsets exceed the tax that is otherwise payable by the Investor.

To the extent that any Distributions are unfranked, those amounts would also be included in an Investor's assessable income, without any tax offsets.

Investors that are companies are not entitled to refunds of excess tax offsets, but will be entitled to a credit in their franking account equal to the amount of the franking credits attached to a Distribution, subject to the qualifications mentioned above and discussed further below.

(b) Holding period rule

An Investor will not be entitled to tax offsets in respect of franking credits on a franked Distribution unless the Investor is a 'qualified person' in relation to the Distribution.

To be a 'qualified person' in relation to a Distribution, an Investor must have held the Westpac Capital Notes 'at risk' for a continuous period of at least 90 days (excluding the days of acquisition and disposal) during:

- the 'primary qualification period', which is the period beginning on the day after the day on which the Westpac Capital Notes are acquired by an Investor and ending on the 90th day after the day that the Westpac Capital Notes became ex-Distribution; or
- if an Investor, or an associate, is under an obligation to make 'related payments' (which have the effect of passing on the benefit of the Distribution to other entities) in respect of the Distribution, the 'secondary qualification period', which is the period beginning on the 90th day before, and ending on the 90th day after, the day that the Westpac Capital Notes became ex-Distribution.

To be held 'at risk', the Investor must effectively retain 30% or more of the risks and benefits associated with holding the Westpac Capital Notes. Whether or not the Westpac Capital Notes are held 'at risk' by an Investor during the relevant periods will depend upon whether the Investor has financial positions or undertakes risk management strategies (e.g. using limited recourse loans, options or forward sale contracts) in relation to the Westpac Capital Notes. On the basis that Investors will continue to hold the Westpac Capital Notes for at least the 'primary qualification period', will not have any financial positions or enter into any relevant risk management strategies in relation to the Westpac Capital Notes, and will not be under an obligation to make 'related payments' to other entities, Investors should be 'qualified persons' in relation to Distributions on the Westpac Capital Notes.

Investors who are individuals and who will not claim tax offsets in any one year in excess of \$5,000, will automatically be taken to be 'qualified persons' in relation to all Distributions that they receive (provided that they are not under an obligation to make a 'related payment' as described above).

The application of the franking rules to Investors will depend upon the particular circumstances of each Investor. Accordingly, each Investor should seek independent advice as to whether they will be treated as a 'qualified person' in relation to Distributions received on the Westpac Capital Notes.

(c) Anti-avoidance rule

Section 177EA of the 1936 Act is an anti-avoidance provision which is designed to counter schemes where one of the purposes (other than an incidental purpose) of the scheme is to inappropriately divert franking credits and obtain an imputation benefit. There are a number of different objective factors that the Commissioner

For personal use only

may take into account in forming a view as to whether a scheme has such a purpose. Where section 177EA applies, the Commissioner may make a written determination with the effect of either:

- (i) imposing a franking debit on the distributing entity's franking account; or
- (ii) denying the imputation benefit on the Distribution that flowed directly or indirectly to the relevant taxpayer.

Westpac has received a Private Ruling from the Commissioner of Taxation confirming that the Commissioner would not make any such determination under section 177EA in relation to the Westpac Capital Notes. That ruling is binding on the Commissioner only in favour of Westpac. However, the Commissioner has indicated that, in the usual case, he would not ordinarily be expected to assert that section 177EA applied to a convertible hybrid which satisfied the requirements to be classified as Tier 1 capital. Accordingly, we expect the Commissioner to make a favourable Class Ruling on this issue, which would be binding on the Commissioner in favour of subscribers for Westpac Capital Notes.

In *Mills v Commissioner of Taxation* [2012] HCA 51 (14 November 2012), the High Court held that section 177EA did not apply to certain notes issued by the New Zealand branch of the Commonwealth Bank (PERLS V), which were classified as Tier 1 capital. In light of the Court's reasons for judgment in that case, it is our view that section 177EA should not apply to the Westpac Capital Notes.

2. Disposals of Westpac Capital Notes

We expect the Commissioner of Taxation to take the view that the Westpac Capital Notes are not 'traditional securities' for the purposes of the 1936 Act. On that basis, any gains or losses made by Holders on the disposal of their Westpac Capital Notes will be taxed under the CGT provisions.

A disposal of a Westpac Capital Note, whether by an on-market disposal, Redemption, or pursuant to a Transfer Notice, will be a CGT event.

Investors may make a capital gain or a capital loss depending upon whether their capital proceeds from the disposal are more than the cost base for their Westpac Capital Notes, or whether the capital proceeds are less than the reduced cost base of their Westpac Capital Notes, respectively.

For Investors who acquire Westpac Capital Notes pursuant to the Prospectus, the first element of the cost base of a Westpac Capital Note to an Investor will be the amount paid for the relevant Westpac Capital Note, which will be an amount equal to the Face Value of the Westpac Capital Note. Other amounts associated with holding the Westpac Capital Note, such as incidental costs of acquisition and disposal, may be added to the cost base.

The capital proceeds that will be received by an Investor from an on-market disposal of a Westpac Capital Note will be the sale price of the Westpac Capital Note. The capital proceeds from a Redemption or a Transfer of a Westpac Capital Note will be equal to the Face Value of the Westpac Capital Note. Therefore, Investors who acquire their Westpac Capital Notes pursuant to the Offer under the Prospectus should not make capital gains on

the Redemption or Transfer of their Westpac Capital Notes. However, Investors who sell their Westpac Capital Notes on-market may make capital gains or capital losses on the disposal of their Westpac Capital Notes.

Any capital gain (or capital loss) so derived (or incurred) by an Investor would be aggregated with other capital gains and capital losses of the Investor in the relevant year of income to determine whether the Investor has a net capital gain or net capital loss. A net capital gain, if any, will be included in the Investor's assessable income and is subject to income tax, however the 'CGT Discount' may be available to reduce the taxable gain for the Investor, as described below. A net capital loss may not be deducted against other income for income tax purposes, but may be carried forward to be offset against net capital gains realised in later income years.

If an Investor is an individual, complying superannuation entity or a trust, and they held their Westpac Capital Notes for 12 months or more before disposal, they would be entitled to a 'CGT Discount' for any capital gain made on the disposal. The CGT Discount entitles Investors to reduce their capital gain on the disposal of a Westpac Capital Note (after deducting available capital losses) by half, in the case of individuals and trusts, or by one-third, in the case of complying superannuation entities. However, trustees should seek specific advice regarding the tax consequences of making distributions attributable to discounted capital gains.

The 'CGT Discount' is not available to companies, nor can it apply to Westpac Capital Notes disposed of by Investors under an agreement entered into within 12 months of the acquisition of the Westpac Capital Notes by those Investors. Investors should seek independent advice to determine if their Westpac Capital Notes have been held for the requisite period.

3. Conversion of Westpac Capital Notes

For each Westpac Capital Note that is Converted, an Investor's rights in relation to the Westpac Capital Note will be terminated for an amount equal to the Face Value of the Westpac Capital Note and Westpac will apply that amount for the Investor in subscribing for Ordinary Shares which are to be issued by Westpac at a discount. The Conversion of a Westpac Capital Note into an Ordinary Share in this way should not give rise to a capital gain or a capital loss, nor an assessable revenue gain or a deductible revenue loss, for an Investor. The recognition of any gain or loss that might otherwise have arisen on the termination of a Westpac Capital Note is effectively deferred until any subsequent sale of the Ordinary Shares acquired by the Investor from the Conversion.

The first element of the cost base or reduced cost base of each Ordinary Share acquired as a result of the Conversion of a Westpac Capital Note will be the amount of the Investor's cost base for the Converted Westpac Capital Notes.

The Ordinary Shares that will be acquired as a result of a Conversion of Westpac Capital Notes are taken to have been acquired by Investors, for capital gains tax purposes, including for the purpose of calculating the 12 month ownership period required for the 'CGT discount' (see above), at the time of Conversion.

The capital proceeds that will be received by an Investor on a subsequent disposal of an Ordinary Share on-market will be the sale price of the Ordinary Share.

Any capital gain (or capital loss) derived (or incurred) by an Investor will be aggregated with other capital gains and capital losses of the Investor in the relevant year of income to determine whether the Investor has a net capital gain or net capital loss. A net capital gain, if any, will be included in the Investor's assessable income and is subject to income tax, however the 'CGT Discount' may be available to reduce the taxable gain for the Investor, in the same way as described above in relation to a disposal of Westpac Capital Notes. A net capital loss may not be deducted against other income for income tax purposes, but may be carried forward to be offset against net capital gains realised in later income years.

4. Withholding Requirements

Westpac is required to deduct withholding tax from payments of any Distributions that may be paid in respect of the Westpac Capital Notes and that are not 100% franked, at the rate specified in the *Taxation Administration Regulations 1976* (currently 46.5%), and remit such amounts to the Australian Taxation Office, unless a Tax File Number or an Australian Business Number has been quoted by an Investor, or a relevant exemption applies (and has been notified to Westpac).

5. Taxation of Financial Arrangements (TOFA) rules

The broad objective of the TOFA rules is to tax financial arrangements on an accruals or marked-to-market basis and the rules are intended to apply to certain 'equity interests' (section 230-50) in some circumstances. The Westpac Capital Notes are 'equity interests' for Australian tax purposes.

The TOFA rules do not generally apply to individuals, superannuation entities or funds with assets of less than \$100 million and any other entities that have aggregated turnovers of less than \$100 million, financial assets of less than \$100 million and total assets of less than \$300 million, except in certain limited circumstances where the relevant arrangement would have been subject to accruals taxation in any event.

In addition, the TOFA provisions provide that the accruals, realisation, foreign exchange retranslation and, generally, the hedging financial arrangements methods, do not apply to gains or losses from a financial arrangement if the arrangement is an 'equity interest'. Therefore, only the fair value or the financial reports method may apply, depending upon an Investor's particular circumstances, to an investment in the Westpac Capital Notes.

Investors should seek their own taxation advice as to the potential application of the TOFA rules to their investment in the Westpac Capital Notes in their particular circumstances.

6. GST

No GST should be payable by an Investor in respect of acquiring Westpac Capital Notes or on a sale, Conversion, Redemption or Transfer of Westpac Capital Notes.

For personal use only

7. Stamp Duty

No stamp duty will be payable by an Investor on the acquisition, sale, Conversion, Redemption or Transfer of Westpac Capital Notes, so long as the Westpac Capital Notes and any Ordinary Shares issued to an Investor on Conversion are quoted on ASX (as the Prospectus states is Westpac's intention) and no Investor (on an associate-inclusive basis) will hold an interest (as respectively defined in the landholder stamp duty provisions of New South Wales, Victoria, Queensland, South Australia, Western Australia and the Northern Territory) of 90% or more in Westpac (including in Westpac's Ordinary Shares).

8. Not financial product advice

The information contained in this opinion does not constitute financial product advice for the purposes of the Corporations Act. The Allens partnership providing this opinion is not licensed, under the Corporations Act, to provide financial product advice. To the extent that this letter contains any information about a financial product within the meaning of the Corporations Act, taxation is only one of the matters that must be considered when making a decision about the relevant financial product. An Investor or prospective Investor should, before making any decision to invest in the Westpac Capital Notes described above, consider taking financial advice from a person who holds an Australian Financial Services Licence under the Corporations Act.

Yours faithfully



ALLENS

7

SUMMARY OF IMPORTANT DOCUMENTS

This Section summarises important documents. It does not summarise the Westpac Capital Notes Terms which are set out in full in Appendix B or the Notes Deed Poll which can be obtained from www.westpac.com.au/investorcentre.

Rights attaching to the Notes arise under the Westpac Capital Notes Terms. Some of the rights attaching to the Notes are linked with rights arising under other documents.

SUMMARY OF IMPORTANT DOCUMENTS

This Section sets out:

- 7.1 Overview of rights attaching to the Westpac Capital Notes
- 7.2 Rights attaching to Ordinary Shares
- 7.3 Rights attaching to Approved Successor Shares
- 7.4 Summary of the Offer Management Agreement

This is only a summary of important documents relating to the Offer. Westpac will provide a copy of certain important documents free of charge to any person who requests a copy during the Offer Period. For a list of those documents and how to get a copy – see Section 8.2.2.

7.1 OVERVIEW OF RIGHTS ATTACHING TO THE WESTPAC CAPITAL NOTES

Rights attaching to the Notes are contained in the Westpac Capital Notes Terms.

Some of the rights attaching to the Notes are linked with rights arising under other documents, for example, Notes may be Converted into Ordinary Shares in certain circumstances.

The rights attaching to Ordinary Shares are set out in Westpac's Constitution, the ASX Listing Rules and the Corporations Act.

For a summary of important rights attaching to the Ordinary Shares – see Section 7.2.

7.2 RIGHTS ATTACHING TO ORDINARY SHARES

Ordinary Shares may be issued to Holders by Westpac on Conversion. These Ordinary Shares will be issued as fully paid and will rank equally with all Ordinary Shares already on issue in all respects.

7.2.1 Transfers

Transfers of Ordinary Shares are not effective until registered. Subject to the ASX Listing Rules, Westpac may refuse to register a transfer of Ordinary Shares without giving any reasons. However, the ASX Listing Rules substantially restrict when Westpac may refuse to register a transfer.

Unless otherwise required by law, Westpac is not required to recognise any interest in Ordinary Shares apart from that of registered Ordinary Shareholders.

Where two or more persons are registered as joint holders of Ordinary Shares, they are taken to hold the Ordinary Shares as joint tenants with rights of survivorship.

Westpac is not required to register more than three persons as joint holders of an Ordinary Share or issue more than one share certificate or holding statement for Ordinary Shares jointly held.

Restrictions apply in respect of persons who become entitled to Ordinary Shares by reason of the death, bankruptcy or mental incapacity of a holder of Ordinary Shares.

7.2.2 Profits and dividends

Holders of Ordinary Shares are entitled to receive such dividends on Ordinary Shares as may be declared by Westpac. Dividends determined by Westpac are payable to holders of Ordinary Shares in proportion to the amounts paid on the Ordinary Shares that they hold.

Dividends must only be paid in accordance with applicable laws and Westpac's Constitution. Westpac is restricted from paying dividends unless:

- Westpac's assets exceed its liabilities immediately before the dividend is declared and the excess is sufficient for the payment of the dividend;
- the payment of the dividend is fair and reasonable to Westpac's shareholders as a whole; and
- the payment of the dividend does not materially prejudice Westpac's ability to pay its creditors.

Additionally, dividends would not be payable if making such a payment would breach or cause a breach by Westpac of applicable capital adequacy or other supervisory requirements of APRA, or if Westpac was directed by APRA not to pay a dividend under the Banking Act.

Dividends that are paid, but not claimed, may be invested by the Westpac Directors for the benefit of Westpac until required to be dealt with under any law relating to unclaimed monies.

7.2.3 Winding Up of Westpac

Subject to the preferential entitlement (if any) of preference shareholders, holders of Ordinary Shares are entitled to share equally in any surplus assets if Westpac is wound up.

7.2.4 Meetings and voting rights

Ordinary Shareholders are entitled to receive notice of, attend and vote at general meetings of Westpac. Each Ordinary Shareholder present at a general meeting (whether in person or by proxy or representative) is entitled to one vote on a show of hands or, on a poll, one vote for each Ordinary Share held.

7.2.5 Issue of further Ordinary Shares

The Westpac Directors control the issue of Ordinary Shares. Subject to the Corporations Act, the Westpac Directors may issue further Ordinary Shares, and grant options and pre-emptive rights over Ordinary Shares, on terms as they think fit.

7.3 RIGHTS ATTACHING TO APPROVED SUCCESSOR SHARES

If Westpac is replaced as the ultimate holding company of the Westpac Group by an Approved Successor, and the Westpac Capital Notes Terms are amended to enable substitution of the Approved Successor as debtor of the Westpac Capital Notes and the issuer of ordinary shares on Conversion, Holders will be issued with Approved Successor Shares on Conversion (rather than Ordinary Shares). In order to be classified as an Approved Successor, the shares of the proposed successor holding company must be listed on an internationally recognised stock exchange – see clause 15.2 of the Westpac Capital Notes Terms (definition of “Acquisition Event”). The Approved Successor will be obliged to use all reasonable endeavours to obtain quotation of the Approved Successor Shares issued under the Westpac Capital Notes Terms on the stock exchanges on which the other Approved Successor Shares are quoted at the time of a Conversion – see clause 12.4 of the Westpac Capital Notes Terms.

7.4 SUMMARY OF THE OFFER MANAGEMENT AGREEMENT

Westpac and the Joint Lead Managers entered into the Offer Management Agreement (“OMA”) on 30 January 2013. Under the OMA Westpac has appointed Westpac Institutional Bank, ANZ Securities, Commonwealth Bank of Australia, Deutsche Bank, Macquarie Capital (Australia) Limited, Morgan Stanley Australia Securities Limited and UBS as the Joint Lead Managers and joint bookrunners for the Offer.

Under the OMA, the Joint Lead Managers agreed to conduct the Bookbuild before the Opening Date principally on the basis of the Original Prospectus. In this process, Syndicate Brokers and Institutional Investors were invited to lodge bids for a number of Notes at various margins within an indicative margin range. Using those bids, Westpac and the Joint Lead Managers set the Margin and determined the firm Allocations to Syndicate Brokers and Institutional Investors. The Bookbuild was conducted on the terms and conditions in the OMA.

The OMA contains various representations and warranties, and imposes various obligations on Westpac, including representations, warranties and obligations to ensure that this Prospectus complies with the Corporations and ASX Listing Rules, and to conduct the Offer under the agreed timetable, ASX Listing Rules, Prospectus and all other applicable laws.

The OMA provides that Westpac will not, without the Joint Lead Managers’ consent (not to be unreasonably withheld or delayed), allot, agree to allot or indicate in any way that it may or will allot or agree to allot any hybrid or preference security with Tier 1 Capital status in the Australian retail market before the Issue Date, other than pursuant to the Offer and in certain other specified circumstances.

Westpac has agreed to indemnify the Joint Lead Managers and parties affiliated with each against damages, losses, costs, expenses and liabilities in connection with the Offer, other than where these result from any fraud, recklessness, wilful misconduct or negligence of the indemnified parties.

SUMMARY OF IMPORTANT DOCUMENTS

7.4.1 Settlement support

Each Joint Lead Manager agreed to provide settlement support for the number of Notes Allocated to Syndicate Brokers under the Bookbuild. Under the OMA, as part of that settlement support, each Joint Lead Manager will pay to Westpac, or procure payment to Westpac of, the aggregate proceeds raised from Syndicate Brokers under the Bookbuild by the settlement date (7 March 2013). Each Joint Lead Manager is only responsible for ensuring that payment is made for Notes Allocated to them or at their direction, and for an equal share (with all other Joint Lead Managers excluding Westpac Institutional Bank) of any Third Party Broker Amount. Westpac Institutional Bank need only pay, or procure payment, to Westpac of the proportion of its JLM Broker Firm Amount and the Institutional Amount that it actually receives from third party investors.

7.4.2 Fees

Under the OMA, Westpac will pay:

- Deutsche Bank:
 - a structuring fee of up to \$1,000,000; and
 - a selling fee of 1.00% of the Third Party Broker Firm Amount.Deutsche Bank is responsible for paying all fees payable to any Third Party Brokers;
- each Joint Lead Manager, a selling fee of 1.00% of that Joint Lead Manager's JLM Broker Firm Amount for which it has obtained payment (provided that Westpac Institutional Bank will only receive this fee in respect of the portion of its JLM Broker Firm Amount which is not allocated in respect of Institutional Investors);
- each Joint Lead Manager whose JLM Broker Firm Amount equals or exceeds a minimum threshold, a bookrunning fee of:
 - 0.50% of the proceeds raised from that Joint Lead Manager's JLM Broker Firm Amount through the Bookbuild; and
 - an equal share (with all other Joint Lead Managers whose JLM Broker Firm Amount is equal to or exceeds a minimum threshold) of 0.50% of the Third Party Broker Firm Amount; and

- Westpac Institutional Bank as Joint Lead Manager a selling fee of 0.25% of the proceeds raised from Institutional Investors through the Bookbuild for which it has obtained payment.

The Joint Lead Managers are responsible for paying all selling fees and other commissions payable to brokers or other persons in connection with the Offer.

7.4.3 Termination

Any/each Joint Lead Manager may terminate its obligations under the OMA on the occurrence of a number of customary termination events, including (among others):

- a credit rating downgrade of Westpac;
- a specified fall in the All Ordinaries Index of ASX or the S&P/ASX 200;
- ASIC issues a stop order in relation to the Offer;
- a supplementary prospectus is required under section 719 of the Corporations Act;
- ASX refuses to quote the Notes on ASX;
- any person (other than a Joint Lead Manager) withdraws their consent to be named in the Prospectus;
- certain breaches of the OMA;
- Westpac withdraws the Prospectus or the Offer;
- trading of Ordinary Shares, Westpac TPS, Westpac SPS, Westpac SPS II, Westpac CPS or Westpac Subordinated Notes 2012 is suspended for a certain period of time, or Ordinary Shares, Westpac TPS, Westpac SPS, Westpac SPS II, Westpac CPS or Westpac Subordinated Notes 2012 cease to be quoted on ASX;
- unauthorised alterations to Westpac's share capital or Westpac's Constitution; and
- an adverse change in the financial position or prospects of the Westpac Group.

Certain termination events will only give rise to a right to terminate if the Joint Lead Manager reasonably believes that the event has or is likely to have a material adverse effect on the Offer. If termination occurs, the Joint Lead Manager who terminates (or each Joint Lead Manager) will no longer be a lead manager or bookrunner and will not be obliged to conduct the Bookbuild or provide settlement support for the Bookbuild.

Under the OMA, if one Joint Lead Manager terminates, each other Joint Lead Manager must give notice in writing to Westpac and each of the terminating Joint Lead Managers stating whether it will also terminate or whether it will assume the obligations of the terminating Joint Lead Manager(s).

For personal use only

8

ADDITIONAL INFORMATION

You should be aware of a number of other matters that may not have been addressed in detail elsewhere in this Prospectus.

These include the availability of certain relevant documents for inspection, the consents of advisers and others whose statements have been included in this Prospectus and the concessions that regulators have granted to Westpac in respect of the Offer.

This Section sets out:

- 8.1 Restrictions on ownership for Westpac
- 8.2 Information, disclosure and availability
- 8.3 Consents
- 8.4 Interests of advisers
- 8.5 Interests of Westpac Directors
- 8.6 Westpac legal proceedings
- 8.7 ASIC relief
- 8.8 ASX waivers and approvals
- 8.9 Foreign selling restrictions
- 8.10 Acknowledgement and privacy statement
- 8.11 Governing law

8.1 RESTRICTIONS ON OWNERSHIP FOR WESTPAC

The *Financial Sector (Shareholdings) Act 1988* (Cth) restricts the aggregate voting power of a person and their associates in an Australian bank to 15%. A shareholder may apply to the Treasurer of the Commonwealth of Australia to extend its stake beyond 15%, however approval cannot be granted unless the Treasurer is satisfied that it is in the national interest to approve a holding of greater than 15%.

Acquisitions of interests in shares in Australian companies by foreign persons are subject to review and approval by the Treasurer of the Commonwealth of Australia under the *Foreign Acquisitions and Takeovers Act 1975* (Cth) in certain circumstances. Potential investors should consult their professional advisers to determine whether the *Foreign Acquisitions and Takeovers Act 1975* (Cth) may affect their holding or ownership of Notes or Ordinary Shares.

8.2 INFORMATION, DISCLOSURE AND AVAILABILITY

8.2.1 Reporting and disclosure obligations

Westpac is a disclosing entity for the purposes of the Corporations Act and is subject to regular reporting and disclosure obligations under the Corporations Act and the ASX Listing Rules. These obligations require that Westpac prepare both yearly and half-yearly financial statements and a report on the operations of Westpac during the relevant accounting period together with an audit or review report by its auditor.

Copies of these documents and other documents lodged with ASIC by Westpac may be obtained from, or inspected at, an ASIC office.

Westpac also has an obligation under the ASX Listing Rules to notify ASX immediately of any information concerning Westpac of which it becomes aware and which a reasonable person would expect to have a material effect on the price or value of Westpac's securities unless exceptions from disclosure apply under ASX Listing Rules. ASX maintains records of company announcements for all companies listed on ASX. Westpac's announcements may be viewed on ASX's website (www.asx.com.au).

8.2.2 Accessing information about Westpac

Westpac will provide a copy of any of the following documents free of charge to any person who requests a copy during the Offer Period in relation to this Prospectus:

- the financial statements of Westpac for the year ended 30 September 2012 (being the most recent annual financial statements lodged with ASIC before the lodgement of this Prospectus);
- the interim financial report of Westpac for the half year ended 31 March 2012 (being the most recent interim financial statements lodged with ASIC before the lodgement of this Prospectus);
- any document or financial statement lodged by Westpac with ASIC or ASX under the continuous disclosure reporting requirements in the period after the lodgement of the annual financial statements and before the lodgement of the Prospectus; and
- Westpac's Constitution.

Copies of the above documents may be obtained in person or in writing from Westpac at:

Westpac Group Secretariat
Level 20
275 Kent Street
Sydney NSW 2000

IMPORTANT INFORMATION

8.3 CONSENTS

Each Westpac Director has given, and not withdrawn, their consent to the lodgement of this Prospectus with ASIC.

Each of the parties (referred to as “**Consenting Parties**”), who are named below:

1. has not made any statement in this Prospectus or any statement on which a statement made in this Prospectus is based, other than as specified in point 4 below;
2. to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any

statements or omissions from this Prospectus, other than the reference to its name and/or statement or report included in this Prospectus with the consent of that Consenting Party;

3. has given and has not, before the lodgement of this Prospectus with ASIC, withdrawn its written consent to be named in this Prospectus in the form and context in which it is named; and
4. in the case of Allens, has given and has not, before the lodgement of this Prospectus with ASIC, withdrawn its written consent to the inclusion of the Taxation Letter in the form and context in which it appears in this Prospectus.

Role	Consenting Parties
Structuring Adviser	Deutsche Bank
Joint Lead Managers	Westpac Institutional Bank ANZ Securities Commonwealth Bank of Australia Deutsche Bank Macquarie Capital (Australia) Limited Morgan Stanley Australia Securities Limited UBS
Legal and tax adviser to the Offer	Allens
Auditor	PricewaterhouseCoopers
Accounting adviser	PricewaterhouseCoopers Securities Ltd
Registry	Link Market Services Limited
Online Manager	Westpac Online Investing acting through Westpac Securities Limited

8.4 INTERESTS OF ADVISERS

Deutsche Bank has acted as structuring adviser and a Joint Lead Manager, in respect of which it will receive the fees set out in Section 7.4.2. The remaining Joint Lead Managers will receive fees, as also set out in Section 7.4.2.

Allens has acted as legal and tax adviser to Westpac in relation to the Offer and has performed work in relation to preparing the due diligence and verification program, performed due diligence required on legal and taxation matters, and has prepared the Taxation Letter included in Section 6. In respect of this work, Westpac estimates that it will pay to Allens approximately \$500,000 (excluding disbursements and GST). Further amounts in relation to the Offer may be paid to Allens under its normal time-based charges.

PricewaterhouseCoopers Securities Ltd has acted as the accounting adviser to Westpac. Westpac estimates that it will pay approximately \$80,000 (excluding disbursements and GST) to PricewaterhouseCoopers Securities Ltd. Further amounts in relation to the Offer may be paid to PricewaterhouseCoopers Securities Ltd under its normal time-based charges.

Other than as set out in this Prospectus:

- no person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus; and
- no promoter or underwriter of the Offer or financial services licensee named in this Prospectus as a financial services licensee involved in the Offer, holds at the date of this Prospectus, or has held in the two years before that date, an interest in:
 - the formation or promotion of Westpac;
 - the Offer; or
 - any property acquired or proposed to be acquired by Westpac in connection with its formation or promotion or with the Offer.

Other than as set out in this Prospectus, no such person has been paid or agreed to be paid any amount, nor has any benefit been given or agreed to be given to any such persons for services provided by them, in connection with the formation or promotion of Westpac or with the Offer.

Note:

1. Ann Pickard's interests arise through holding 1,960 Westpac American Depository Shares (ADS). One ADS is comprised of five Ordinary Shares.

8.5 INTERESTS OF WESTPAC DIRECTORS

The Westpac Directors' interests in Ordinary Shares as at 5 February 2013 are detailed in the following table:

Westpac Director	Ordinary Shares
Lindsay Maxsted	16,344
Gail Kelly	1,648,371
John Curtis	35,787
Elizabeth Bryan	24,539
Gordon Cairns	17,038
Robert Elstone	10,000
Peter Hawkins	15,218
Ann Pickard ¹	9,800
Ewen Crouch	34,249

The Westpac Directors and their associates may acquire Notes offered under this Prospectus subject to the ASX Listing Rules, including any waivers described in Section 8.8.

Other than as set out above, no Westpac Director holds, at the date of this Prospectus, or has held in the two years before that date, an interest in:

- the formation or promotion of Westpac;
- the Offer; or
- any property acquired or proposed to be acquired by Westpac in connection with its formation or promotion or with the Offer.

No Westpac Director has been paid or agreed to be paid any amount (whether in cash or in shares or otherwise), nor has any benefit been given or agreed to be given to any Westpac Director to induce them to become or qualify them as a Westpac Director, or for services provided by them in connection with the formation or promotion of Westpac or with the Offer.

IMPORTANT INFORMATION

8.6 WESTPAC LEGAL PROCEEDINGS

Contingent liabilities exist in respect of actual and potential claims and proceedings. An assessment of Westpac's likely loss has been made on a case-by-case basis for the purposes of Westpac's 30 September 2012 financial statements and specific provisions have been made where appropriate.

8.7 ASIC RELIEF

ASIC relief has been obtained to enable Westpac to issue a "transaction-specific" prospectus which complies with section 713 of the Corporations Act in relation to the Offer.

8.8 ASX WAIVERS AND APPROVALS

ASX has confirmed that:

- Listing Rule 10.11 has been waived to the extent necessary to permit the Westpac Directors and their associates to participate in the Offer and be issued Notes without shareholder approval on the following conditions:
 - the number of Notes which may be issued to Westpac Directors and their associates collectively is no more than 0.2% of the total number of Notes issued under the Offer, and the participation of the Westpac Directors and their associates in the Offer is on the same terms and conditions as applicable to other subscribers for Notes;
 - Westpac releases the terms of the waiver to the market when the Offer is announced; and
 - when the Notes are issued, Westpac announces to the market the total number of Notes issued to the Westpac Directors and their associates in aggregate;
- the Westpac Capital Notes Terms are appropriate and equitable for the purposes of Listing Rule 6.1;
- the divestment of Notes from Holders, to the extent that such divestment occurs as a result of a Conversion, Redemption or Transfer as set out in the Westpac Capital Notes Terms, is appropriate and equitable for the purposes of Listing Rule 6.12; and

- for the purposes of Listing Rule 7.1B.1, ASX does not object to Westpac, for the purposes of calculating the number of Notes that may be issued without prior shareholder approval, notionally Converting the Notes into Ordinary Shares based on the market price of Ordinary Shares on the trading day prior to the date of this Prospectus.

8.9 FOREIGN SELLING RESTRICTIONS

8.9.1 Other foreign jurisdictions

The distribution of this Prospectus (including an electronic copy) in jurisdictions outside Australia may be restricted by law. If you come into possession of this Prospectus in jurisdictions outside Australia, then you should seek advice on, and observe, any such restrictions. If you fail to comply with such restrictions, that failure may constitute a violation of applicable securities laws.

This Prospectus does not constitute an offer in any jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer. No action has been taken to register or qualify Notes or the Offer or to otherwise permit a public offering of Notes in any jurisdiction outside Australia.

8.9.2 United States

The Notes have not been and will not be registered under the US Securities Act or the securities laws of any state of the United States and may not be offered, sold, delivered or transferred in the United States or to, or for the account or benefit of, any US Person. Neither this Prospectus nor any Application Form or other materials relating to the Offer may be distributed in the United States.

Each of the Joint Lead Managers has agreed that it will not offer, sell, deliver or transfer the Notes (i) as part of their distribution at anytime or (ii) otherwise until 40 days after the later of the commencement of the Offer and Issue Date (the "**Distribution Compliance Period**"), within the United States or to, or for the account or benefit of, US Persons, and it will have sent to each dealer, distributor or other relevant parties to which Notes are allocated during the Distribution Compliance Period a confirmation

or other notice setting forth the restrictions on offers, sales, deliveries and transfers of the Notes within the United States or to, or for the account or benefit of, US Persons.

In addition, until 40 days after the commencement of the Offer, an offer or sale of Notes within the United States by a dealer that is not participating in the Offer may violate the registration requirements of the US Securities Act.

Each of the Joint Lead Managers has agreed that (i) neither it, its affiliates nor any persons acting on its or their behalf have engaged or will engage in any directed selling efforts within the meaning of Rule 902 under the US Securities Act with respect to the Notes, and it and they have complied with and will comply with the offering restrictions requirement of Regulation S under the US Securities Act and (ii) it has not entered into and, without Westpac's prior consent, will not enter into, any contractual arrangement with respect to the distribution or delivery of the Notes, except with its affiliates.

8.9.3 New Zealand

This Prospectus has not been and will not be registered in New Zealand. Notes may not be offered or sold directly or indirectly in New Zealand, other than:

- to persons whose principal business is the investment of money;
- to persons who in the course of and for the purposes of their business habitually invest money; or
- in any other circumstance which does not constitute an offer to the public within the meaning of section 3(2) of the *Securities Act 1978* (New Zealand).

8.10 ACKNOWLEDGEMENT AND PRIVACY STATEMENT

By completing and submitting an Application Form or making an online Application you acknowledge that you have read this Prospectus.

Applicants will be asked to provide personal information to Westpac (directly or via the Registry). Westpac (and the Registry on its behalf) collects, holds and uses that personal information in order to process your Application, service your needs

as a Holder (and following Conversion, if applicable, your holding of Ordinary Shares), provide facilities and services that Applicants request, and carry out appropriate administration.

Company and tax laws require some of the information to be collected. If you do not provide the information requested, your Application may not be able to be processed efficiently, if at all.

Access to the information may be provided to the Westpac Group and to Westpac's agents and service providers on the basis that they deal with such information in accordance with Westpac's privacy policy. Access to the information may also be provided by Westpac to domestic and overseas regulators or other government agencies (including ASIC and the Australian Tax Office), or provided as required or allowed by any law relating to taxation, money laundering or counter-terrorism.

By submitting an Application Form or an online Application, you consent to your information being disclosed to the persons described above, in the manner set out in this Section 8.10.

Under the *Privacy Act 1988* (Cth), an Applicant may request access to their personal information held by (or on behalf of) Westpac. An Applicant can request access to their personal information by telephoning or writing to the privacy officer of the Registry.

More information about the way Westpac handles personal information is in the Westpac privacy policy, a copy of which can be obtained by visiting www.westpac.com.au.

8.11 GOVERNING LAW

This Prospectus and the contracts that arise from the acceptance of Applications are governed by the law applicable in New South Wales, Australia and each Applicant submits to the exclusive jurisdiction of the courts of New South Wales, Australia.

A

APPENDIX A GLOSSARY

The following is a glossary of terms used in this Prospectus. There is also a list of defined terms in clause 15.2 of the Westpac Capital Notes Terms.

Defined terms in this glossary and in clause 15.2 of the Westpac Capital Notes Terms are used throughout this Prospectus and the attached, or accompanying, Application Forms.

ABN	Australian Business Number
Acquisition Event	<p>occurs when:</p> <ul style="list-style-type: none"> • a takeover bid is made and certain conditions are satisfied; or • a scheme of arrangements is proposed and approved and certain conditions are satisfied <p>An Acquisition Event does not occur upon the proposed replacement of Westpac as the ultimate holding company of the Westpac Group if certain conditions are met</p>
Acquisition Event Conversion Date	has the meaning set out in clause 5.7(a)(iii) of the Westpac Capital Notes Terms
Additional Tier 1 Capital	Additional Tier 1 Capital as described by APRA
ADI	authorised deposit-taking institution
Administrative Action	any judicial decision, official administrative pronouncement or action, published or private ruling, interpretative decision, regulatory procedure or policy, application of a regulatory procedure or policy and any notice or announcement (including any notice or announcement of intent to adopt or make any of these things)
AFSL	Australian Financial Services Licence
Allocation	<p>the number of Notes allocated under the Offer to:</p> <ul style="list-style-type: none"> • Eligible Securityholders at the end of the Offer Period; and • Syndicate Brokers and Institutional Investors under the Bookbuild <p>Allocate and Allocated have the corresponding meanings</p>
Allotment	<p>the issue of Notes to Applicants on the Issue Date under their Allocation</p> <p>Allotted and Allot have the corresponding meanings</p>
ANZ Securities	ANZ Securities Limited (ABN 16 004 997 111)
Applicant	a person who submits an Application in accordance with the Prospectus
Application	a valid application made under this Prospectus by using the relevant Application Form to apply for a specified number of Notes
Application Form or Application Forms	the application form (the Securityholder Application Form or the Broker Firm Application Form) attached to or accompanying this Prospectus, or an online version of the Application Form, upon which an Application may be made
Application Payment	the monies payable on Application, calculated as the number of Notes applied for multiplied by the Face Value

APPENDIX A

GLOSSARY

APRA	Australian Prudential Regulation Authority
Approved Successor	a holding company that replaces, or is proposed to replace, Westpac as the ultimate holding company of the Westpac Group and that satisfies the requirements under paragraphs (c) to (h) of the definition of “Acquisition Event” in clause 15.2 of the Westpac Capital Notes Terms
Approved Successor Share	a fully paid ordinary share in the capital of the Approved Successor
ASIC	Australian Securities and Investments Commission
ASTC	ASX Settlement Pty Limited (ABN 49 008 504 532)
ASX	ASX Limited (ABN 98 008 624 691) or the financial market operated by ASX Limited, as the context requires
ASX Listing Rules or Listing Rules	the listing rules of ASX with any modification or waivers which ASX may grant to Westpac
ASX Market Rules	the operating rules of ASX from time to time
Bank Bill Rate	has the meaning given in clause 3.1 of the Westpac Capital Notes Terms
Banking Act	the <i>Banking Act 1959</i> (Cth)
BCBS	Basel Committee on Banking Supervision
Bookbuild	the process conducted by the Joint Lead Managers as agents for Westpac to determine the Margin and firm Allocations of the Notes to certain Syndicate Brokers and Institutional Investors
Broker Firm Applicant	an Australian resident retail client of a Syndicate Broker who applies for a broker firm Allocation from a Syndicate Broker under the Broker Firm Offer
Broker Firm Application Form	the Application Form attached to or accompanying this Prospectus upon which a Broker Firm Applicant can make an Application
Broker Firm Offer	the invitation made to Australian resident retail clients of the Syndicate Brokers to apply for a broker firm Allocation from the relevant Syndicate Broker under this Prospectus
Business Day	a business day as defined in the ASX Listing Rules
Buy Back	a transaction involving the acquisition by Westpac of its Ordinary Shares pursuant to the provisions of Part 2J of the Corporations Act
Capital Reduction	a reduction in capital by Westpac of its Ordinary Shares in any way permitted by the provisions of Part 2J of the Corporations Act

Capital Securities	Ordinary Shares or any equity, hybrid or subordinated debt capital security (whether comprised of one or more instruments) issued by Westpac excluding the Notes
Capital Trigger Event	occurs when: <ul style="list-style-type: none"> • Westpac determines; or • APRA notifies Westpac in writing that it believes, that either or both the Westpac Level 1 Common Equity Tier 1 Capital Ratio or Westpac Level 2 Common Equity Tier 1 Capital Ratio (each as defined in the Westpac Capital Notes Terms) is equal to or less than 5.125%
Capital Trigger Event Conversion Date	has the meaning set out in clause 5.1(d)(iii) of the Westpac Capital Notes Terms
CHESS	Clearing House Electronic Subregister System operated by ASTC
Closing Date	the last day on which Applications will be accepted, expected to be: ¹ <ul style="list-style-type: none"> • 5.00pm Sydney time on 1 March 2013 for the Securityholder Offer; and • 10.00am Sydney time on 7 March 2013 for the Broker Firm Offer
Common Equity Tier 1 Capital	Common Equity Tier 1 Capital as described by APRA from time to time
Common Equity Tier 1 Capital Ratio	Common Equity Tier 1 Capital ratio as described by APRA from time to time
Commonwealth Bank of Australia	Commonwealth Bank of Australia (ABN 48 123 123 124)
Consenting Party	each of the consenting parties named in Section 8.3
Conversion	the conversion of all, some or a proportion of each Note into Ordinary Shares under the Westpac Capital Notes Terms Convert, Converted and Convertible have the corresponding meaning
Conversion Date	the applicable: <ul style="list-style-type: none"> • Scheduled Conversion Date; • Capital Trigger Event Conversion Date; • Non-Viability Trigger Event Conversion Date; or • Acquisition Event Conversion Date
Conversion Number	has the meaning given in clause 8.1 of the Westpac Capital Notes Terms
Corporations Act	<i>Corporations Act 2001</i> (Cth)
Deutsche Bank	Deutsche Bank AG, Sydney Branch (ABN 13 064 165 162)

Note:

1. 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 Westpac Capital Notes are issued.

APPENDIX A

GLOSSARY

Distribution	interest on the Face Value of each Note as set out in clause 3.1 of the Westpac Capital Notes Terms
Distribution Payment Conditions	<p>the conditions set out in clause 3.3 of the Westpac Capital Notes Terms, being:</p> <ul style="list-style-type: none"> • Westpac's absolute discretion; • the payment of the Distribution not resulting in a breach of Westpac's capital requirements under APRA's prudential standards as they are applied to the Westpac Group at the time of the payment; • the payment of the Distribution not resulting in Westpac becoming, or being likely to become, insolvent for the purposes of the Corporations Act; and • APRA not otherwise objecting to the payment of the Distribution
Distribution Payment Date	has the meaning given in clause 3.5 of the Westpac Capital Notes Terms
Distribution Period	the period from (but excluding) the Issue Date until (and including) the first Distribution Payment Date or thereafter from (but excluding) each Distribution Payment Date until (and including) the next Distribution Payment Date
Distribution Rate	has the meaning given in clause 3.1 of the Westpac Capital Notes Terms
Dividend	any interim, final or special dividends payable in accordance with the Corporations Act and Westpac's Constitution in relation to Ordinary Shares
Eligible Securityholder	a registered holder of Ordinary Shares, Westpac TPS, Westpac SPS, Westpac SPS II, Westpac CPS and/or Westpac Subordinated Notes 2012 at 7.00pm Sydney time on 21 January 2013 and shown on the Register to have an address in Australia
Equal Ranking Capital Securities	has the meaning given in clause 15.2 of the Westpac Capital Notes Terms
Exposure Period	the 7 day period commencing on the day after the Original Prospectus was lodged with ASIC
Face Value or Issue Price	the issue price for the Notes, being \$100 per Note
FATCA	sections 1471 through 1474 of the United States Internal Revenue Code of 1986, as amended (or any consolidation, amendment, re-enactment or replacement of those provisions and including any regulations or official interpretations issued, agreements entered into or non-US laws enacted with respect to those provisions)
Financial Claims Scheme	the financial claims scheme established under the Banking Act

First Scheduled Conversion Condition	the VWAP on the 25th Business Day on which trading in Ordinary Shares took place immediately preceding (but not including) the Scheduled Conversion Date is greater than 56.12% of the Issue Date VWAP, as set out in clause 4.2(a)(i) of the Westpac Capital Notes Terms
Franking Event	occurs if Westpac determines that as a result of a change or proposed change in, or amendment or proposed amendment to, the laws of Australia or their application (including as a result of a court decision) which was not expected by Westpac at the Issue Date and has or is expected to become effective on or after the Issue Date there is a material risk that any Distribution would not be a frankable distribution within the meaning of Division 202 of the Tax Act
Franking Rate	the percentage of Distribution that would carry franking credits (within the meaning of Part 3-6 of the Tax Act or any provisions that revise or replace that Part), applicable to the relevant Distribution entitlement on that Distribution Payment Date
GST	Goods and Services Tax
HIN	holder identification number
Holder	a registered holder of Notes
Holding Statement	a statement issued to Holders by the Registry which sets out details of Notes allotted to them under the Offer
Institutional Amount	the Allocation to Institutional Investors multiplied by the Face Value
Institutional Investor	an investor to whom offers of securities can be made without the need for a Prospectus (or other formality, other than a formality which Westpac is willing to comply with), including in Australia persons to whom offers of securities can be made without the need for a lodged Prospectus under Chapter 6D of the Corporations Act
Institutional Offer	the invitation by Westpac Institutional Bank to Institutional Investors to bid for Notes in the Bookbuild
Issue Date	the date on which the Notes are issued, expected to be 8 March 2013
Issue Date VWAP	the VWAP during the period of 20 Business Days on which trading in Ordinary Shares took place immediately preceding but not including the Issue Date, as adjusted in accordance with clauses 8.4 to 8.7 of the Westpac Capital Notes Terms
JLM Broker Firm Amount	for each Joint Lead Manager, the Face Value multiplied by the Allocation to that Joint Lead Manager

APPENDIX A

GLOSSARY

Joint Lead Managers	Westpac Institutional Bank, ANZ Securities, Commonwealth Bank of Australia, Deutsche Bank, Macquarie Capital (Australia) Limited, Morgan Stanley Australia Securities Limited and UBS
Level 1 and Level 2	those terms as defined by APRA from time to time
Liquidation Sum	an amount of surplus assets equal to \$100 per Westpac Capital Note (as adjusted for any write-off or Conversion under clauses 5.1 or 5.2 of the Westpac Capital Notes Terms)
Macquarie Capital (Australia) Limited	Macquarie Capital (Australia) Limited (ABN 79 123 199 548)
Margin	3.20% per annum
Maximum Conversion Number	has the meaning given in clause 8.1 of the Westpac Capital Notes Terms
Morgan Stanley Australia Securities Limited	Morgan Stanley Australia Securities Limited (ABN 55 078 652 276)
Nominated Party	one or more third parties selected by Westpac in its absolute discretion (which cannot include a member of the Westpac Group)
Non-Viability Trigger Event	occurs when APRA notifies Westpac in writing that it believes: <ul style="list-style-type: none"> • Conversion of all or some of the Notes, or conversion or write down of capital instruments of the Westpac Group, is necessary because, without it, Westpac would become non-viable; or • a public sector injection of capital, or equivalent support, is necessary because, without it, Westpac would become non-viable
Non-Viability Trigger Event Conversion Date	has the meaning set out in clause 5.2(c)(iii) of the Westpac Capital Notes Terms
Notes Deed Poll	the Notes Deed Poll in relation to the Notes
Offer	the offer of the Notes under this Prospectus at a Face Value of \$100 each to raise approximately \$1.25 billion with the ability to raise more or less
Offer Period	the period from the Opening Date to the Closing Date ¹
OMA or Offer Management Agreement	the Offer Management Agreement entered into between Westpac and the Joint Lead Managers as summarised in Section 7.4

Note:

1. 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 Westpac Capital Notes are issued.

For personal use only

Online Manager	Westpac Online Investing acting through Westpac Securities Limited (ABN 39 087 924 221, AFSL 233 723), a service provided by Australian Investment Exchange Ltd (ABN 71 076 515 930, AFSL 241 400), a participant of ASX
Opening Date	the day the Offer opens, being 7 February 2013
Optional Redemption/ Transfer Date	8 March 2019
Ordinary Share	a fully paid ordinary share in the capital of Westpac
Original Prospectus	the prospectus dated 30 January 2013 and lodged with ASIC on that date, which this Prospectus replaces
Prospectus	this document (including the electronic form of this Prospectus), and any supplementary or replacement Prospectus in relation to the Offer
Record Date	<p>in the case of:</p> <ul style="list-style-type: none"> the payment of Distributions, the date which is eight calendar days before the relevant Distribution Payment Date or, if that date does not fall on a Business Day, the immediately preceding Business Day (or such other date as may be prescribed under the ASX Listing Rules or, if not prescribed by the ASX Listing Rules, a date determined by Westpac and notified to ASX); and the payment of the Face Value of the Note upon a Redemption or Transfer, a date determined by Westpac and notified to ASX (or such other date as may be prescribed by ASX)
Redemption	<p>the redemption of all or some of the Notes for their Face Value under the Westpac Capital Notes Terms</p> <p>Redeem, Redeemable and Redeemed have corresponding meanings</p>
Redemption Date	in respect of each Note, the date specified by Westpac as the Redemption Date in accordance with clause 6 of the Westpac Capital Notes Terms
Register	the official register of Ordinary Shares, Westpac Capital Notes (if issued), Westpac SPS, Westpac SPS II, Westpac CPS or Westpac Subordinated Notes 2012 maintained by Westpac, or the official register of Westpac TPS, maintained by the Registry on the issuer's behalf, and includes any sub-register established and maintained under CHESS
Registry	Link Market Services Limited (ABN 54 083 214 537) or any other registry that Westpac appoints to maintain a register of its securities

APPENDIX A

GLOSSARY

Regulatory Event	<p>will occur if:</p> <ul style="list-style-type: none">• as a result of an amendment to, clarification of or change or prospective change of Australian law or regulations or an Administrative Action that was not expected by Westpac as at the Issue Date, additional requirements would be imposed on the Westpac Group in relation to the Notes, or there would be a negative impact on the Westpac Group which Westpac determines, at its sole discretion, to be unacceptable; or• Westpac determines that all, some or a proportion of all or some Notes are not or will not be treated as Additional Tier 1 Capital of the Westpac Group under APRA's prudential standards (as amended from time to time), other than as a result of a change of treatment expected by Westpac as at the Issue Date
Risk Weighted Assets	risk weighted assets as defined by APRA
Scheduled Conversion	Conversion on the Scheduled Conversion Date
Scheduled Conversion Conditions	the First Scheduled Conversion Condition and the Second Scheduled Conversion Condition
Scheduled Conversion Date	<p>the date that is the earlier of:</p> <ul style="list-style-type: none">• 8 March 2021; and• the first Distribution Payment Date after 8 March 2021, on which the Scheduled Conversion Conditions are satisfied
Second Scheduled Conversion Condition	<p>the VWAP during the period of 20 Business Days on which trading in Ordinary Shares took place immediately preceding (but not including) the Scheduled Conversion Date is greater than 50.51% of the Issue Date VWAP, as set out in clause 4.2(a)(ii) of the Westpac Capital Notes Terms except that the Second Conversion Condition applies to a Conversion following an Acquisition Event as though the proposed Acquisition Event Conversion Date were a Scheduled Conversion Date for the purposes of clause 4 of the Westpac Capital Notes Terms and the reference to 50.51% is a reference to 20.20% of the Issue Date VWAP</p>
Securityholder Application Form	the Application Form accompanying this Prospectus (or an online version of such a form) upon which an Eligible Securityholder can make an Application
Securityholder Offer	the invitation to Eligible Securityholders to apply for Notes under this Prospectus
Senior Creditors	all creditors of Westpac (present and future), including depositors of Westpac and all holders of Westpac's senior or subordinated debt whose claims are not made as holders of indebtedness arising under Capital Securities that rank equally with or behind the Notes and whose claims are admitted in the Winding Up

Solvent Reconstruction	a scheme of amalgamation or reconstruction, not involving a bankruptcy or insolvency, where the obligations of Westpac in relation to the outstanding Notes are assumed by the successor entity to which all, or substantially all of the property, assets and undertaking of Westpac are transferred or where an arrangement with similar effect not involving a bankruptcy or insolvency is implemented
Special Resolution	<ul style="list-style-type: none"> • a resolution passed at a meeting of Holders by a majority of least 75% of the votes validly cast by Holders in person or by proxy and entitled to vote on the resolution; or • the written approval of Holders holding at least 75% of the Notes
SRN	securityholder reference number
Sydney time	time in Sydney, New South Wales, Australia
Syndicate Broker	any of the Joint Lead Managers (or their affiliated retail brokers) or Third Party Brokers and any other participating broker in the Offer
Tax Act	the <i>Income Tax Assessment Act 1936</i> (Cth) or the <i>Income Tax Assessment Act 1997</i> (Cth) (as the case may be, both as amended from time to time, and a reference to a section of the <i>Income Tax Assessment Act 1936</i> (Cth) includes a reference to that section as rewritten in the <i>Income Tax Assessment Act 1997</i> (Cth)) and any other law setting the rate of income tax payable or regulation made under such laws
Tax Event	occurs when Westpac determines that there is a material risk that the Westpac Group would be exposed to a more than de minimis adverse tax consequence or increased cost in relation to the Notes other than a tax consequence or cost that Westpac expected at the Issue Date
Tax Rate	the Australian corporate tax rate applicable to the franking account of Westpac at the relevant Distribution Payment Date
Taxation Letter	the taxation letter from Allens dated 7 February 2013 in Section 6
TFN	Tax File Number
Third Party Broker	any third party brokers appointed to the Offer by the Joint Lead Managers and agreed by Westpac
Third Party Broker Amount	the Allocation to any Third Party Brokers multiplied by the Face Value
Tier 1 Capital	Tier 1 Capital as described by APRA from time to time
Tier 1 Capital Ratio	Tier 1 Capital ratio as described by APRA from time to time
Tier 2 Capital	Tier 2 Capital as described by APRA from time to time

APPENDIX A

GLOSSARY

Total Capital	Total Capital as described by APRA from time to time
TPS 2003	750,000 trust preferred securities issued by Westpac Capital Trust III at US\$1,000 each on 13 August 2003 (referred to in the Westpac Capital Notes Terms as TPS 2003 Preference Shares and TPS 2003 Debentures)
TPS 2004	525,000 trust preferred securities issued by Westpac Capital Trust IV at US\$1,000 each on 5 April 2004 (referred to in the Westpac Capital Notes Terms as TPS 2004 Preference Shares and TPS 2004 Debentures)
Transfer	the transfer of Notes by Holders to a Nominated Party in accordance with clause 7 of the Westpac Capital Notes Terms Transferred has a corresponding meaning
Transfer Notice	a notice issued in accordance with clause 7 of the Westpac Capital Notes Terms under which Westpac elects that a Transfer occur in relation to some or all of the Notes
UBS	UBS AG, Australia Branch (ABN 47 088 129 613)
US Person	has the meaning given in Regulation S of the US Securities Act
US Securities Act	United States Securities Act of 1933, as amended
VWAP	subject to any adjustments under clauses 8.2 and 8.3 of the Westpac Capital Notes Terms, the average of the daily volume weighted average sale prices (rounded to the nearest full cent) of Ordinary Shares sold on ASX during the relevant period or on the relevant days but does not include any "crossing" transacted outside the "Open Session State" or any "special crossing" transacted at any time, each as defined in the ASX Market Rules or any overseas trades or trades pursuant to the exercise of options over Ordinary Shares
VWAP Period	the period over which the VWAP is calculated
Westpac	Westpac Banking Corporation (ABN 33 007 457 141, AFSL No. 233714)
Westpac's Constitution	the constitution of Westpac
Westpac Capital Notes or Notes	are fully paid, non-cumulative, convertible, transferable, redeemable, subordinated, perpetual, unsecured notes of Westpac issued under the Offer in accordance with the Westpac Capital Notes Terms
Westpac Capital Notes Terms	the Westpac Capital Notes terms of issue set out in Appendix B
Westpac CPS	the 11,893,605 Convertible Preference Shares issued by Westpac under a prospectus dated 24 February 2012 (referred to in the Westpac Capital Notes Terms as Westpac CPS 2012)

Westpac Directors	some or all of the directors of Westpac acting as a board
Westpac Group	Westpac and its controlled entities
Westpac Institutional Bank	Westpac Institutional Bank, a division of Westpac
Westpac SPS	the 10,362,670 Westpac Stapled Preferred Securities issued by Westpac under a prospectus dated 26 June 2008 (referred to in the Westpac Capital Notes Terms as SPS 2008 I Preference Shares and SPS 2008 I Notes)
Westpac SPS II	the 9,083,278 Westpac Stapled Preferred Securities issued by Westpac under a prospectus dated 2 March 2009 (referred to in the Westpac Capital Notes Terms as SPS 2008 II Preference Shares and SPS 2008 II Notes)
Westpac Subordinated Notes 2012	the 16,762,190 Westpac Subordinated Notes issued by Westpac under an information memorandum dated 23 July 2012 and designated as Westpac Subordinated Notes
Westpac TPS	the 7,627,375 Westpac Trust Preferred Securities issued under a product disclosure statement dated 19 May 2006 (referred to in the Westpac Capital Notes Terms as TPS 2006 Preference Shares and TPS 2006 Notes)
Winding Up	<ul style="list-style-type: none"> • a court order is made for the winding up of Westpac; or • an effective resolution is passed by shareholders or members for the winding up of Westpac, other than in connection with a Solvent Reconstruction

For personal use only

B

APPENDIX B WESTPAC CAPITAL NOTES TERMS

1. FORM AND FACE VALUE OF WESTPAC CAPITAL NOTES

1.1 Form

Westpac Capital Notes:

- (a) are non-cumulative, convertible, transferable, redeemable, subordinated, perpetual, unsecured notes of Westpac;
- (b) are designated as being of a particular series as set out in the Prospectus;
- (c) are constituted under and issued on the terms set out in the Deed Poll and these Terms; and
- (d) take the form of entries in the Westpac Capital Notes Register.

1.2 Face Value

Each Westpac Capital Note is issued fully paid at an issue price of A\$100.

2. RANKING ON WINDING UP

- (a) Holders do not have any right to prove in a Winding Up in respect of Westpac Capital Notes, except as permitted under clause 2(b).
- (b) Westpac Capital Notes will rank for payment of the Liquidation Sum in a Winding Up:
 - (i) senior to Ordinary Shares;
 - (ii) equally among themselves and with all other Equal Ranking Capital Securities;
 - (iii) junior to or equally with any other notes or preference shares Westpac may issue, as may be designated in the terms of issue for such notes or preference shares; and
 - (iv) junior to, and are conditional on the prior payment in full of, the claims of all Senior Creditors.
- (c) Holders may not exercise voting rights as a creditor in respect of Westpac Capital Notes in a Winding Up to defeat the subordination in this clause.
- (d) Westpac Capital Notes are perpetual and the terms of Westpac Capital Notes do not include events of default or any other provisions entitling the Holders to require that Westpac Capital Notes be Redeemed. Holders do not have any right to apply for a Winding Up on the ground of

Westpac's failure to pay Distributions or for any other reason.

- (e) For the avoidance of doubt, but subject to clause 5.6, if a Capital Trigger Event or Non-Viability Trigger Event has occurred, Holders will rank for payment in a Winding Up as holders of the number of Ordinary Shares to which they became entitled under clauses 5.1 or 5.2.

3. DISTRIBUTIONS

3.1 Distributions

Subject to these Terms, each Westpac Capital Note entitles the Holder to receive on the relevant Distribution Payment Date interest on the Face Value of the Westpac Capital Note (**Distribution**), calculated using the following formula:

$$\text{Distribution} = \frac{\text{Distribution Rate} \times \text{Face Value} \times \text{N}}{365}$$

where:

Distribution Rate (expressed as a percentage per annum) is calculated using the following formula:

$$\text{Distribution Rate} = (\text{Bank Bill Rate} + \text{Margin}) \times (1 - \text{Tax Rate})$$

where:

Bank Bill Rate (expressed as a percentage per annum) means, for each Distribution Period, the average mid-rate for bills of a term of 90 days which average rate is displayed on Reuters page BBSW (or any page that replaces that page) at 10.30am (Sydney time) on, in the case of the first Distribution Period, the Issue Date, and in the case of any other Distribution Period, the first Business Day of that Distribution Period, or if there is a manifest error in the calculation of that average rate or that average rate is not displayed at 10.30am (Sydney time) on that date, the rate specified in good faith by Westpac at or around that time on that date having regard, to the extent possible, to:

- (a) the rates otherwise bid and offered for bills of a term of 90 days or for funds of that tenor displayed on Reuters page BBSW (or any page which replaces that page) at that time on that date; and

APPENDIX B

WESTPAC CAPITAL NOTES TERMS

(b) if bid and offer rates for bills of a term of 90 days are not otherwise available, the rates otherwise bid and offered for funds of that tenor at or around that time on that date;

Margin is 3.20% per annum;

Tax Rate (expressed as a decimal) means the Australian corporate tax rate applicable to the franking account of Westpac at the relevant Distribution Payment Date; and

N means, in respect of a Distribution Period, the number of days in that Distribution Period.

3.2 Adjustment to calculation of Distributions if not fully franked

If payment of any Distribution will not be franked to 100% under Part 3-6 of the Tax Act (or any provisions that revise or replace that Part), otherwise than because of any act by, or circumstances affecting, any particular Holder, the Distribution will be calculated using the following formula:

$$\text{Distribution} = \frac{D}{1 - [\text{Tax Rate} \times (1 - \text{Franking Rate})]}$$

where:

D means the Distribution entitlement on that Distribution Payment Date as calculated under clause 3.1;

Tax Rate (expressed as a decimal) means the Australian corporate tax rate applicable to the franking account of Westpac at the relevant Distribution Payment Date; and

Franking Rate (expressed as a decimal) means the percentage of Distribution that would carry franking credits (within the meaning of Part 3-6 of the Tax Act or any provisions that revise or replace that Part), applicable to the relevant Distribution entitlement on that Distribution Payment Date.

3.3 Conditions to payment of Distributions

(a) The payment of any Distribution on a Distribution Payment Date is subject to:

- (i) Westpac's absolute discretion;

- (ii) the payment of the Distribution not resulting in a breach of Westpac's capital requirements under APRA's prudential standards as they are applied to the Westpac Group at the time of the payment;

- (iii) the payment of the Distribution not resulting in Westpac becoming, or being likely to become, insolvent for the purposes of the Corporations Act; and

- (iv) APRA not otherwise objecting to the payment of the Distribution.

(b) Westpac must notify ASX as soon as reasonably practicable if payment of any Distribution will not be made because of this clause.

3.4 Distributions are discretionary, non-cumulative and only payable in cash

(a) Payments of Distributions are within the absolute discretion of Westpac and are non-cumulative. If a Distribution is not paid because of the provisions of clause 3.3 or because of any other reason, Westpac has no liability to pay such Distribution to the Holder and the Holder has no:

- (i) claim (including, without limitation, on a Winding Up); or
- (ii) right to apply for a Winding Up, in respect of such non-payment.

(b) Any payments of Distributions to Holders must be made in the form of cash.

Non-payment of a Distribution because of the provisions of clause 3.3, or because of any other reason, does not constitute an event of default.

3.5 Distribution Payment Date

Distributions in respect of Westpac Capital Notes are payable:

- (a) quarterly in arrear on 8 March, 8 June, 8 September and 8 December of each year, commencing on 8 June 2013 until that Westpac Capital Note has been Converted or Redeemed; and

- (b) on the Conversion Date or Redemption Date (as the case may be) on which such Westpac Capital Note is Converted or Redeemed, (each a **Distribution Payment Date**).

3.6 Record Dates

Distributions are only payable on a Distribution Payment Date to those persons registered as Holders on the Record Date for that Distribution Payment Date.

3.7 Restrictions in the case of non-payment of a Distribution

Subject to clause 3.8, if for any reason a Distribution has not been paid in full on the relevant Distribution Payment Date, Westpac must not:

- (a) determine or pay any Dividends; or
- (b) undertake any discretionary Buy Back or Capital Reduction,

unless the amount of the unpaid Distribution is paid in full within 20 Business Days of that Distribution Payment Date or:

- (c) all Westpac Capital Notes have been Converted or Redeemed;
- (d) on a subsequent Distribution Payment Date, a Distribution for the subsequent Distribution Period is paid in full; or
- (e) a Special Resolution of the Holders has been passed approving such action,

and, in respect of the actions contemplated by paragraphs (c), (d) and (e), APRA does not otherwise object.

3.8 Restrictions not to apply in certain circumstances

The restrictions in clause 3.7 do not apply in connection with:

- (a) any employment contract, benefit plan or other similar arrangement with or for the benefit of any one or more employees, officers, directors or consultants of Westpac or any member of the Westpac Group; or
- (b) Westpac or any of its controlled entities purchasing shares in Westpac in connection with transactions for the account of customers of Westpac or any of its controlled entities or in connection with the distribution or trading of shares in Westpac in the ordinary course of business (such distribution or trading of shares in the ordinary course of business is subject to the prior written approval of APRA).

3.9 Notification

- (a) In relation to each Distribution Period, Westpac must notify the ASX of the Distribution Rate and the amount of Distribution payable on each Westpac Capital Note.
- (b) Westpac must give notice under this clause 3.9 as soon as practicable after it makes its calculations or determinations and, in any event by no later than the fifth Business Day of the relevant Distribution Period.
- (c) Westpac may amend the calculation or determination of any amount, date, or rate (or make appropriate alternative arrangements by way of adjustment) including as a result of the extension or reduction of a Distribution Period without prior notice, but must notify ASX promptly after doing so.

3.10 Calculations and determinations final

The calculation or determination by Westpac of all rates and amounts payable by it in relation to Westpac Capital Notes is, in the absence of manifest or proven error, final and binding on Westpac, the Registry and each Holder.

4. SCHEDULED CONVERSION

4.1 Scheduled Conversion

Subject to clauses 5 and 6, Westpac must Convert all (but not some) Westpac Capital Notes on issue on the date that is the earlier of:

- (a) 8 March 2021; and
- (b) the first Distribution Payment Date after 8 March 2021,

on which the Scheduled Conversion Conditions are satisfied (each a **Scheduled Conversion Date**).

4.2 Scheduled Conversion Conditions

- (a) The Scheduled Conversion Conditions for each Scheduled Conversion Date are:
 - (i) the VWAP on the 25th Business Day on which trading in Ordinary Shares took place immediately preceding (but not including) the Scheduled Conversion Date is greater than 56.12% of the Issue Date VWAP (**First Scheduled Conversion Condition**); and

APPENDIX B

WESTPAC CAPITAL NOTES TERMS

(ii) the VWAP during the period of 20 Business Days on which trading in Ordinary Shares took place immediately preceding (but not including) the Scheduled Conversion Date is greater than 50.51% of the Issue Date VWAP (the **Second Scheduled Conversion Condition**).

- (b) If the First Scheduled Conversion Condition is not satisfied, Westpac will announce to ASX not less than 21 Business Days before the Scheduled Conversion Date that Conversion will not proceed on the Scheduled Conversion Date.
- (c) If the Second Scheduled Conversion Condition is not satisfied, Westpac will notify Holders on or as soon as practicable after the Scheduled Conversion Date that Conversion did not occur.

5. EARLY CONVERSION

5.1 Capital Trigger Event

- (a) Westpac must notify APRA immediately in writing if it determines that a Capital Trigger Event has occurred.
- (b) If a Capital Trigger Event occurs, Westpac must Convert such number of Westpac Capital Notes (or, if it so determines, such percentage of the Face Value of each Westpac Capital Note) as is sufficient (following any conversion or write down of Relevant Securities as referred to in paragraph (c)(i) below) to return either or both the Westpac Level 1 Common Equity Tier 1 Capital Ratio or Westpac Level 2 Common Equity Tier 1 Capital Ratio, as the case may be, to above 5.125%.
- (c) In determining the number of Westpac Capital Notes, or percentage of the Face Value of each Westpac Capital Note, which must be Converted in accordance with this clause, Westpac will:
- (i) first, convert or write down the face value of any Relevant Securities whose terms require them to be converted or written down, before Conversion of Westpac Capital Notes; and
- (ii) secondly, if conversion or write down of those Relevant Securities is not sufficient, Convert (in the case of Westpac Capital Notes) or convert or write down (in the case of any other Relevant Securities) on a pro-rata basis or in a manner that is otherwise, in the opinion of Westpac, fair and reasonable, Westpac Capital Notes and any Relevant Securities whose

terms require or permit them to be converted or written down in that manner (subject to such adjustment as Westpac may determine to take into account the effect on marketable parcels and whole numbers of Ordinary Shares and any Westpac Capital Notes or other Relevant Securities remaining on issue),

but such determination will not impede the immediate Conversion of the relevant number of Westpac Capital Notes or percentage of the Face Value of each Westpac Capital Note (as the case may be).

- (d) If a Capital Trigger Event occurs:
- (i) the relevant number of Westpac Capital Notes, or percentage of the Face Value of each Westpac Capital Note, must be Converted immediately upon occurrence of the Capital Trigger Event in accordance with clauses 5.5 and 8 and the Conversion will be irrevocable;
- (ii) Westpac must give notice as soon as practicable that Conversion has occurred to ASX and the Holders;
- (iii) the notice must specify the date on which Conversion occurred (**Capital Trigger Event Conversion Date**); and
- (iv) 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 Westpac Capital Notes remaining on issue.

Failure to undertake any of the steps in clauses 5.1(d)(ii) to (iv) does not prevent, invalidate or otherwise impede Conversion.

5.2 Non-Viability Trigger Event

- (a) If a Non-Viability Trigger Event occurs, Westpac must Convert such number of Westpac Capital Notes (or, if it so determines, such percentage of the Face Value of each Westpac Capital Note) as is equal (following any conversion or write down of Relevant Securities as referred to in paragraph (b)(i) below) to the aggregate face value of capital instruments which APRA has notified Westpac must be converted or written down (or, if APRA has not so notified Westpac, such number or, if Westpac so determines, such percentage of

the Face Value of Westpac Capital Notes, as is necessary to satisfy APRA that Westpac will no longer be non-viable).

- (b) In determining the number of Westpac Capital Notes, or percentage of the Face Value of each Westpac Capital Note, which must be Converted in accordance with this clause, Westpac will:
- (i) first, convert or write down the face value of any Relevant Securities whose terms require them to be converted or written down before Conversion of Westpac Capital Notes; and
 - (ii) secondly, if conversion or write down of those securities is not sufficient, Convert (in the case of Westpac Capital Notes) or convert or write down (in the case of any other Relevant Securities), on a pro-rata basis or in a manner that is otherwise, in the opinion of Westpac, fair and reasonable, Westpac Capital Notes and any Relevant Securities whose terms require or permit them to be Converted, converted or written down in that manner (subject to such adjustments as Westpac may determine to take into account the effect on marketable parcels and whole numbers of Ordinary Shares and any Westpac Capital Notes or other Relevant Securities remaining on issue),
- but such determination will not impede the immediate Conversion of the relevant number of Westpac Capital Notes or percentage of the Face Value of each Westpac Capital Note (as the case may be).
- (c) If a Non-Viability Trigger Event occurs:
- (i) the relevant number of Westpac Capital Notes, or percentage of the Face Value of each Westpac Capital Note, must be Converted immediately upon occurrence of the Non-Viability Trigger Event in accordance with clauses 5.5 and 8 and the Conversion will be irrevocable;
 - (ii) Westpac must give notice as soon as practicable that Conversion has occurred to ASX and the Holders;
 - (iii) the notice must specify the date on which Conversion occurred (**Non-Viability Trigger Event Conversion Date**); and
 - (iv) 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 Westpac Capital Notes remaining on issue.

Failure to undertake any of the steps in clauses 5.2(c)(ii) to (iv) does not prevent, invalidate or otherwise impede Conversion.

5.3 Scheduled Conversion Conditions not applicable

For the avoidance of doubt, the Scheduled Conversion Conditions do not apply to Conversion as a result of a Capital Trigger Event or Non-Viability Trigger Event occurring.

5.4 Priority of early Conversion obligations

A Conversion required because of a Capital Trigger Event or a Non-Viability Trigger Event takes place notwithstanding anything in clause 4.

5.5 Automatic Conversion upon the occurrence of a Capital Trigger Event or Non-Viability Trigger Event

If a Capital Trigger Event or Non-Viability Trigger Event has occurred and all or some Westpac Capital Notes (or percentage of the Face Value of each Westpac Capital Note) are required to be Converted in accordance with clauses 5.1 or 5.2, then:

- (a) Conversion of the relevant Westpac Capital Notes or percentage of the Face Value of each Westpac Capital Note will be taken to have occurred in accordance with clause 8 immediately upon the Capital Trigger Event Conversion Date or Non-Viability Trigger Event Conversion Date; and
- (b) the entry of the corresponding Westpac Capital Notes in each relevant Holder's holding in the Westpac Capital Notes Register will constitute an entitlement of that Holder to the relevant number of Ordinary Shares (and, if applicable, also to any remaining balance of Westpac Capital Notes or Westpac Capital Notes with a Face Value equal to the aggregate of the remaining percentage of the Face Value of each Westpac Capital Note), and Westpac will recognise the Holder as having been issued the relevant Ordinary Shares for all purposes, in each case without the need for any further act or step by Westpac, the Holder or any other person

APPENDIX B

WESTPAC CAPITAL NOTES TERMS

(and Westpac will, as soon as possible thereafter and without delay on the part of Westpac, take any appropriate procedural steps to record such Conversion, including updating the Westpac Capital Notes Register and the Ordinary Share register).

5.6 No further rights if Conversion cannot occur

If for any reason Conversion of any Westpac Capital Notes (or a percentage of the Face Value of any Westpac Capital Notes) required to be Converted under clause 5.1 or 5.2 fails to take effect under clause 5.5(a) and (b) and Westpac is not otherwise able to issue the Ordinary Shares required to be issued in respect of such Conversion within five Business Days after the Capital Trigger Event Conversion Date or Non-Viability Trigger Event Conversion Date, then the relevant Holders' rights (including to Distributions) in relation to such Westpac Capital Notes or percentage of the Face Value of Westpac Capital Notes are immediately and irrevocably terminated.

5.7 Automatic Conversion upon the occurrence of an Acquisition Event

- (a) If an Acquisition Event occurs, then:
- (i) Westpac must Convert all (but not some) Westpac Capital Notes;
 - (ii) Westpac must give notice as soon as practicable and in any event within 10 Business Days after becoming aware of that event occurring to ASX and the Holders;
 - (iii) the notice must specify a date on which it is proposed Conversion will occur (proposed **Acquisition Event Conversion Date**) being:
 - (A) in the case of an Acquisition Event that is a takeover bid, no later than the Business Day prior to the then announced closing date of the relevant takeover bid; or
 - (B) in the case of an Acquisition Event that is a court approved scheme, a date no later than the record date for participation in the relevant scheme of arrangement; and
 - (iv) the notice must specify the details of the Conversion process including any details to take into account the effect on marketable parcels and whole numbers of Ordinary Shares; and

(v) on the proposed Acquisition Event Conversion Date, all Westpac Capital Notes will Convert in accordance with clause 8.

- (b) Subject to clause 5.7(a), the Second Scheduled Conversion Condition applies to a Conversion following an Acquisition Event as though the proposed Acquisition Event Conversion Date were a Scheduled Conversion Date for the purposes of clause 4 (except that in the case of an Acquisition Event, the Second Scheduled Conversion Condition will apply as if it referred to 20.20% of the Issue Date VWAP). If the Second Scheduled Conversion Condition is not satisfied, the Westpac Capital Notes will not Convert.
- (c) If the Second Scheduled Conversion Condition is not satisfied on the proposed Acquisition Event Conversion Date, Westpac will notify Holders as soon as practicable after the proposed Acquisition Event Conversion Date that Conversion did not occur.

5.8 Issue of ordinary shares of successor holding company

Where there is a replacement of Westpac as the ultimate holding company of the Westpac Group and the successor holding company is an Approved Successor, mandatory Conversion of the Westpac Capital Notes may not occur as a consequence of the Replacement. Instead, these Terms may be amended in accordance with clause 12.4.

5.9 No Conversion at the option of the Holders

Holdes do not have a right to request Conversion of their Westpac Capital Notes at any time.

6. EARLY REDEMPTION

6.1 Early Redemption at the option of Westpac on the Optional Redemption/Transfer Date

- (a) Subject to paragraph (b), Westpac may at its option Redeem all or some Westpac Capital Notes on the Optional Redemption/Transfer Date for their Face Value.
- (b) Westpac may only Redeem under this clause 6 if Westpac has given notice of its election to do so at least 20 Business Days (and no more than 60 Business Days) before the Optional Redemption/Transfer Date to ASX and the Holders.
- (c) If only some (but not all) Westpac Capital Notes are to be Redeemed under this clause, those Westpac Capital Notes to be Redeemed will be specified in the notice and selected:
 - (i) in a manner that is, in the opinion of Westpac, fair and reasonable; and
 - (ii) in compliance with any applicable law, directive or requirement of ASX.

6.2 Early Redemption for a Franking Event, Tax Event or Regulatory Event

If a Franking Event, Tax Event or Regulatory Event occurs, Westpac may Redeem all (but not some) Westpac Capital Notes for their Face Value.

However, Westpac may only Redeem under this clause if:

- (a) Westpac has given notice of its election to do so at least 20 Business Days (and no more than 60 Business Days) before the proposed Redemption Date to ASX and the Holders;
- (b) before Westpac gives the notice under clause 6.2(a), it must have received:
 - (i) in the case of a Franking Event, a supporting opinion of reputable legal counsel or other tax adviser in Australia, experienced in such matters, in relation to such Franking Event;
 - (ii) in the case of a Tax Event, a supporting opinion of reputable legal counsel or other tax adviser in Australia, experienced in such matters, in relation to such Tax Event; and
 - (iii) in the case of a Regulatory Event, a supporting opinion of reputable legal counsel in Australia, experienced in such matters, or confirmation from APRA, in relation to such Regulatory Event.
- (c) the proposed Redemption Date would be a Distribution Payment Date under clause 3.5(a); and
- (d) the notice of Redemption is not given earlier than 60 Business Days before the Distribution Payment Date occurring immediately before:
 - (i) in the case of a Franking Event, the earliest date on which a Distribution would not be a frankable Distribution;
 - (ii) in the case of a Tax Event, the earliest date on which Westpac would be subject to the adverse tax consequence; and
 - (iii) in the case of a Regulatory Event, the earliest date on which either:
 - (A) the event contemplated under paragraph (a) of the definition of Regulatory Event has arisen; or
 - (B) all, some or a proportion of all or some Westpac Capital Notes will cease to be treated as Additional Tier 1 Capital as contemplated under paragraph (b) of the definition of Regulatory Event.

6.3 APRA approval to Redeem

Westpac may only Redeem under this clause 6 if:

- (a) either
 - (i) before or concurrently with Redemption, Westpac replaces Westpac Capital Notes with a capital instrument which is of the same or better quality (for the purposes of APRA's prudential standards as they are applied to the Westpac Group at the relevant time) than Westpac Capital Notes and the replacement of Westpac Capital Notes is done under conditions that are sustainable for the income capacity of the Westpac Group; or

APPENDIX B

WESTPAC CAPITAL NOTES TERMS

- (ii) Westpac obtains confirmation from APRA that APRA is satisfied, having regard to the capital position of the Westpac Group, that Westpac does not have to replace Westpac Capital Notes; and
- (b) APRA has given its prior written approval to the Redemption. Approval is at the discretion of APRA and may or may not be given.

6.4 Final Distribution

For the avoidance of doubt, Redemption may occur even if Westpac, in its absolute discretion, does not pay a Distribution for the final Distribution Period.

6.5 No Redemption at the option of the Holders

Holders do not have a right to request Redemption of their Westpac Capital Notes at any time.

6.6 Effect of notice of Redemption

Any notice of Redemption given under this clause 6 is irrevocable and Westpac must (subject to clause 10.1) Redeem Westpac Capital Notes on the Redemption Date specified in that notice.

7. TRANSFER ON THE OPTIONAL REDEMPTION/TRANSFER DATE

- (a) Westpac may elect that Transfer occur in relation to all or some Westpac Capital Notes by giving a Transfer Notice at least 20 Business Days (and no more than 60 Business Days) before the Optional Redemption/Transfer Date to ASX and the Holders.

If only some (but not all) Westpac Capital Notes are to be Transferred under this clause, the number of Westpac Capital Notes to be Transferred will be specified in the notice and selected:

- (i) in a manner that is, in the opinion of Westpac, fair and reasonable; and
- (ii) in compliance with any applicable law, directive or requirement of ASX.
- (b) If Westpac issues a Transfer Notice:
- (i) each Holder is taken irrevocably to offer to sell the relevant number of their Westpac Capital Notes to the Nominated Party on the Optional Redemption/Transfer Date for a cash amount

per Westpac Capital Note equal to the Face Value (and to have appointed Westpac as its agent and attorney to execute documents and do all things necessary which Westpac considers may be necessary or desirable in connection with that offer and any resulting sale);

- (ii) subject to payment by the Nominated Party of the Face Value to Holders, all right, title and interest in the relevant number of Westpac Capital Notes will be transferred from the Holders to the Nominated Party on the Optional Redemption/Transfer Date; and
- (iii) if the Nominated Party does not pay the Face Value to the relevant Holders on the Optional Redemption/Transfer Date, the relevant number of Westpac Capital Notes will not be transferred to the Nominated Party.
- (c) Clause 10 will apply to payments by the Nominated Party as if the Nominated Party were Westpac. If any payment to a particular Holder is not made or treated as made on the Optional Redemption/Transfer Date because of any error by or on behalf of the Nominated Party, the relevant Westpac Capital Notes of that Holder will not be transferred until payment is made but the transfer of all other relevant Westpac Capital Notes will not be affected by the failure.
- (d) Holders do not have a right to request Transfer of their Westpac Capital Notes at any time.

8. GENERAL PROVISIONS APPLICABLE TO CONVERSION

8.1 Conversion

On the Conversion Date, subject to clauses 5.6 and 8.10, the following will apply:

- (a) Westpac will allot and issue the Conversion Number of Ordinary Shares for each Westpac Capital Note held by the Holder. The Conversion Number is calculated according to the following formula, and subject always to the Conversion Number being no greater than the Maximum Conversion Number:

$$\text{Conversion Number for each Westpac Capital Note} = \frac{\text{Face Value}}{0.99 \times \text{VWAP}}$$

where:

VWAP (expressed in dollars and cents) means the VWAP during the VWAP Period.

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

$$\text{Maximum Conversion Number} = \frac{\text{Face Value}}{\text{Relevant Percentage} \times \text{Issue Date VWAP}}$$

Relevant Percentage means:

- (i) if Conversion is occurring on a Scheduled Conversion Date, 0.50; and
 - (ii) Conversion is occurring at any other time, 0.20.
- (b) Each Holder's rights (including to Distributions) in relation to each Westpac Capital Note that is being Converted will be immediately and irrevocably terminated for an amount equal to the Face Value and Westpac will apply the Face Value of each Westpac Capital Note by way of payment for the subscription for the Ordinary Shares to be allotted and issued under clause 8.1(a). Each Holder is taken to have irrevocably directed that any amount payable under this clause 8.1 is to be applied as provided for in this clause and Holders do not have any right to payment in any other way.
- (c) If the total number of Ordinary Shares to be allotted and issued in respect of a Holder's aggregate holding of Westpac Capital Notes includes a fraction of an Ordinary Share, that fraction of an Ordinary Share will be disregarded.

8.2 Adjustments to VWAP generally

For the purposes of calculating VWAP under clause 8.1:

- (a) where, on some or all of the Business Days in the relevant VWAP Period, Ordinary Shares have been quoted on ASX as cum dividend or cum any other distribution or entitlement and Westpac Capital Notes will be Converted into Ordinary Shares after that date and those Ordinary Shares will no longer carry that dividend or that other distribution or entitlement, then the VWAP on the Business Days on which those Ordinary Shares have been quoted cum dividend or cum any other distribution or entitlement will be reduced by an amount (**Cum Value**) equal to:

- (i) in the case of a dividend or other distribution, the amount of that dividend or other distribution including, if the dividend or distribution is franked, the amount that would be included in the assessable income of a recipient of the dividend or distribution who is a natural person resident in Australia under the Tax Act;
 - (ii) in the case of any other entitlement that is not a dividend or other distribution under clause 8.2(a)(i) which is traded on ASX on any of those Business Days, the volume weighted average price of all such entitlements sold on ASX during the VWAP Period on the Business Days on which those entitlements were traded (excluding trades of the kind that would be excluded in determining VWAP under the definition of that term); or
 - (iii) in the case of any other entitlement which is not traded on ASX during the VWAP Period, the value of the entitlement as reasonably determined by Westpac; and
- (b) where, on some or all of the Business Days in the VWAP Period, Ordinary Shares have been quoted as ex dividend or ex any other distribution or entitlement, and Westpac Capital Notes will be Converted into Ordinary Shares which would be entitled to receive the relevant dividend, distribution or entitlement, the VWAP on the Business Days on which those Ordinary Shares have been quoted ex dividend or ex any other distribution or entitlement will be increased by the Cum Value.

8.3 Adjustments to VWAP for capital reconstruction

- (a) Where during the relevant VWAP Period there is a change to the number of Ordinary Shares on issue because the Ordinary Shares are reconstructed, consolidated, divided or reclassified (in a manner not involving any cash payment to or by holders of Ordinary Shares) (**Reclassification**) into a lesser or greater number, the daily VWAP for each day in the VWAP Period which falls before the date on which trading in Ordinary Shares is conducted on a post Reclassification basis will be adjusted by multiplying the VWAP applicable on the Business Day immediately before the date of any such Reclassification by the following formula:

APPENDIX B

WESTPAC CAPITAL NOTES TERMS

A
B

Where:

A means the aggregate number of Ordinary Shares immediately before the Reclassification; and

B means the aggregate number of Ordinary Shares immediately after the Reclassification.

- (b) Any adjustment made by Westpac in accordance with clause 8.3(a) will be effective and binding on Holders under these Terms and these Terms will be construed accordingly.

8.4 Adjustments to Issue Date VWAP generally

For the purposes of determining the Issue Date VWAP under clause 8.1, adjustments will be made in accordance with clause 8.2 and clause 8.3 during the VWAP Period for the Issue Date VWAP. On and from the Issue Date, adjustments to the Issue Date VWAP:

- (a) may be made by Westpac in accordance with clauses 8.5 to 8.7 (inclusive);
- (b) if so made, will correspondingly affect the application of the Scheduled Conversion Conditions and cause an adjustment to the Maximum Conversion Number; and
- (c) if so made, will be effective and binding on Holders under these Terms and these Terms will be construed accordingly.

8.5 Adjustments to Issue Date VWAP for bonus issues

- (a) Subject to clauses 8.5(b) and 8.5(c), if Westpac makes a pro-rata bonus issue of Ordinary Shares to holders of Ordinary Shares generally (in a manner not involving any cash payment to or by holders of Ordinary Shares), the Issue Date VWAP will be adjusted immediately in accordance with the following formula:

$$V = V_o \times RD / (RD + RN)$$

Where:

V means the Issue Date VWAP applying immediately after the application of this formula;

V_o means the Issue Date VWAP applying immediately prior to the application of this formula;

RD means the number of Ordinary Shares on issue immediately prior to the allotment of new Ordinary Shares pursuant to the bonus issue; and

RN means the number of Ordinary Shares issued pursuant to the bonus issue.

- (b) Clause 8.5(a) does not apply to Ordinary Shares issued as part of a bonus share plan, employee or executive share plan, executive option plan, share top up plan, share purchase plan or a dividend reinvestment plan.
- (c) For the purposes of this clause, an issue will be regarded as a bonus issue notwithstanding that Westpac does not make offers to some or all holders of Ordinary Shares with registered addresses outside Australia, provided that in so doing Westpac is not in contravention of the ASX Listing Rules.

8.6 Adjustments to Issue Date VWAP for capital reconstruction

If at any time after the Issue Date there is a change to the number of Ordinary Shares on issue because of a Reclassification (in a manner not involving any cash payment to or by holders of Ordinary Shares) into a lesser or greater number, the Issue Date VWAP will be adjusted by multiplying the Issue Date VWAP applicable on the Business Day immediately before the date of any such Reclassification by the following formula:

A
B

where:

A means the aggregate number of Ordinary Shares on issue immediately before the Reclassification; and

B means the aggregate number of Ordinary Shares on issue immediately after the Reclassification.

8.7 No adjustment to Issue Date VWAP in certain circumstances

Despite the provisions of clauses 8.5 and 8.6, no adjustment will be made to the Issue Date VWAP where any such adjustment (rounded if applicable) would be less than one percent of the Issue Date VWAP then in effect.

8.8 Announcement of adjustments to Issue Date VWAP

Westpac will notify any adjustment to the Issue Date VWAP under this clause to ASX and the Holders within 10 Business Days of Westpac determining the adjustment and the adjustment will be final and binding.

8.9 Status and listing of Ordinary Shares

- (a) Ordinary Shares issued or arising from Conversion will rank equally with 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 Conversion Date.
- (b) Westpac will use all reasonable endeavours to list the Ordinary Shares issued on Conversion of Westpac Capital Notes on ASX.

8.10 Conversion where the Holder does not wish to receive Ordinary Shares or is an Ineligible Holder

- (a) If Westpac Capital Notes of a Holder are required to be Converted and:
 - (i) the Holder has notified Westpac that it does not wish to receive Ordinary Shares as a result of Conversion, which notice may be given at any time on or after the Issue Date and prior to the Conversion Date; or
 - (ii) the Holder is an Ineligible Holder, then, on the Conversion Date, the Holder's rights (including to Distributions) in relation to each such Westpac Capital Note being Converted are immediately and irrevocably terminated and Westpac will issue the Conversion Number of Ordinary Shares to the Sale Agent for no additional consideration to hold on trust for sale for the benefit of the relevant Holder. At the first

opportunity to sell the Ordinary Shares, the Sale Agent will arrange for their sale at market value and pay the proceeds less selling costs to the relevant Holder.

- (b) If Conversion under this clause 8.10 is occurring because of the occurrence of a Capital Trigger Event or Non-Viability Trigger Event and the Conversion fails to take effect and Westpac is not otherwise able to issue Ordinary Shares to the Sale Agent within five Business Days, then Holders' rights will be immediately and irrevocably terminated in accordance with clause 5.6.

8.11 Final Distribution

For the avoidance of doubt, Conversion may occur even if Westpac, in its absolute discretion, does not pay a Distribution for the final Distribution Period.

8.12 No Conversion after Winding Up commences

If before the Conversion Date an order is made by a court, or an effective resolution is passed, for Winding Up, then Conversion will not occur and clause 2 will apply, except where Conversion is required for a Capital Trigger Event or Non-Viability Trigger Event (in which case such Conversion shall occur (subject to clause 5.6) in accordance with clause 5.1 or 5.2 (as applicable) and clause 5.5).

8.13 Conversion of a percentage of Face Value

If under these Terms it is necessary to Convert a percentage of the Face Value, this clause 8 will apply to the Conversion as if references to the Face Value were references to the relevant percentage of the Face Value to be Converted multiplied by the Face Value.

9. TITLE AND TRANSFER OF WESTPAC CAPITAL NOTES

9.1 CHESS

While Westpac Capital Notes remain in CHESS, all dealings (including transfers and payments) in relation to Westpac Capital Notes within CHESS, and the rights and obligations of each Holder, are subject to the rules and regulations of CHESS.

APPENDIX B

WESTPAC CAPITAL NOTES TERMS

9.2 Effect of entries in Westpac Capital Notes Register

Each entry in the Westpac Capital Notes Register of a person as a Holder constitutes:

- (a) conclusive evidence of that person's:
 - (i) absolute ownership of those Westpac Capital Notes; and
 - (ii) entitlement to the other benefits given to Holders under these Terms in respect of Westpac Capital Notes; and
- (b) an undertaking by Westpac to pay a Distribution and any other amount in accordance with these Terms,

subject to correction of the Westpac Capital Notes Register for fraud or error.

9.3 Non-recognition of interests

Except as required by law, Westpac and the Registry must treat the person whose name is entered in the Westpac Capital Notes Register as a Holder as the absolute owner of that Westpac Capital Notes. This clause applies despite any notice of ownership, trust or interest in that Westpac Capital Notes.

9.4 Joint Holders

Where two or more persons are entered in the Westpac Capital Notes Register as joint Holders, they are taken to hold those Westpac Capital Notes as joint tenants with rights of survivorship but the Registry is not bound to register more than three persons as joint Holders of any Westpac Capital Notes.

9.5 Transfers

- (a) A Holder may transfer Westpac Capital Notes:
 - (i) while Westpac Capital Notes are registered with CHES, in accordance with the rules and regulations of CHES; or
 - (ii) at any other time:
 - (A) by a proper transfer under any other applicable computerised or electronic system recognised by the Corporations Act; or
 - (B) by any proper or sufficient instrument of transfer of marketable securities under applicable law, provided such instrument is

delivered to the Registry with any evidence the Registry reasonably requires to prove title to or the right to transfer Westpac Capital Notes.

- (b) Title to Westpac Capital Notes passes when details of the transfer are entered in the Westpac Capital Notes Register.
- (c) Westpac Capital Notes may be transferred in whole but not in part.
- (d) Westpac must comply with all Applicable Regulations and any other relevant obligations imposed on it in relation to the transfer of Westpac Capital Notes.
- (e) Westpac must not charge any fee on the transfer of Westpac Capital Notes.
- (f) The Holder is responsible for any stamp duty or other similar taxes which are payable in any jurisdiction in connection with a transfer, assignment or other dealing with Westpac Capital Notes.
- (g) Upon registration and entry of the transferee in the Westpac Capital Notes Register, the transferor ceases to be entitled to future benefits under these Terms in respect of the transferred Westpac Capital Notes.
- (h) Subject to Applicable Regulations, Westpac may determine that transfers of some or all Westpac Capital Notes will not be registered during any period reasonably specified by it prior to the Conversion Date, Redemption Date or Optional Redemption/Transfer Date of such Westpac Capital Notes.

9.6 Refusal to register

Westpac may only refuse to register a transfer of Westpac Capital Notes if permitted by, or if such registration would contravene or is forbidden by, Applicable Regulations or the Terms.

If Westpac refuses to register a transfer, Westpac must give the lodging party notice of the refusal and the reasons for it within five Business Days after the date on which the transfer was delivered to the Registry.

9.7 Transmission

A person becoming entitled to Westpac Capital Notes as a consequence of the death, bankruptcy, liquidation or a winding-up of a Holder or of a vesting order by a court or other body with power to make the order, or a person administering the estate of a Holder, may, upon providing evidence as to that entitlement or status, and if Westpac so requires an indemnity in relation to the correctness of such evidence, as Westpac considers sufficient, become registered as the Holder of those Westpac Capital Notes.

10. PAYMENTS

10.1 General

All payments in respect of Westpac Capital Notes:

- (a) must be made:
 - (i) in Australian dollars; and
 - (ii) free of any set off, deduction or counter claim except as required by law or any agreement with a governmental authority;
- (b) are subject to applicable fiscal and other laws and the administrative practices and procedures of fiscal and other authorities;
- (c) will be made in accordance with:
 - (i) the rules and regulations of CHES while Westpac Capital Notes remain in CHES;
 - (ii) the particulars recorded in the Westpac Capital Notes Register on the relevant Record Date; and
 - (iii) these Terms.

If the date scheduled for any payment under these Terms is not a Business Day, then the payment will be made on the next Business Day (and without any additional interest or other payment in respect of such delay).

All calculations of payments will be rounded to four decimal places. For the purposes of making any payment in respect of a Holder's aggregate holding of Westpac Capital Notes, any fraction of a cent will be disregarded.

10.2 Payments to Holders

- (a) Each payment in respect of a Westpac Capital Note will be made to the person that is recorded in the Westpac Capital Notes Register as the Holder of that Westpac Capital Note on the Record Date for that payment.
- (b) A payment to any one joint Holder of a Westpac Capital Note will discharge Westpac's liability in respect of the payment.

10.3 Method of payments

- (a) Westpac may, in its absolute discretion, pay to a Holder or any other person entitled to any amount payable in respect of a Westpac Capital Note:
 - (i) by crediting an account nominated in writing by that Holder or person;
 - (ii) by cheque made payable to the Holder or person, sent to the address of that Holder or person as notified to Westpac by that Holder or person; or
 - (iii) in any other manner as Westpac determines (provided that Distributions must always be paid in cash).
- (b) Westpac may send a cheque referred to in clause 10.3(a)(ii), if relevant, to:
 - (i) the address in the Westpac Capital Notes Register of the Holder;
 - (ii) if that Westpac Capital Note is jointly held, the address in the Westpac Capital Notes Register of the Holder named first in the register in respect of the Westpac Capital Note; or
 - (iii) any other address which that person directs in writing.
- (c) If Westpac decides to make a payment by electronic or other means determined under clause 10.3(a)(iii) and an account is not nominated by the Holder or joint Holder, Westpac may hold the amount payable in a separate account of Westpac until the Holder or joint Holder (as the case may be) nominates an account, without any obligation to pay interest, and the amount so held is to be treated as having been paid to the Holder or joint Holder at the time it is credited to that separate account of Westpac.

APPENDIX B

WESTPAC CAPITAL NOTES TERMS

- (d) All amounts payable but unclaimed may be invested by Westpac as it thinks fit for the benefit of Westpac until claimed or until required to be dealt with in accordance with any law relating to unclaimed moneys.
- (e) Westpac, in its absolute discretion may withhold payment to a Holder where it is required to do so under any applicable fiscal or other law or any administrative practice or procedure of any fiscal or other authority (including any law prohibiting dealings with terrorist organisations or money laundering), or any other type of sanction or where it has reasonable grounds to suspect that the Holder may be subject to any such law, administrative practice or procedure or sanction or involved in acts of terrorism or money laundering, and may deal with such payment and the Holder's Westpac Capital Note in accordance with such applicable law, administrative practice or procedure or the requirements of any relevant government or regulatory authority.
- (f) Westpac shall not be liable for any costs or loss suffered by a Holder in exercising its discretion under clause 10.3(e), even where a Holder later demonstrates that they were not subject to such law, administrative practice or procedure or sanction.

11. TAXATION

11.1 Deductions

Westpac or the Nominated Party, as applicable, may deduct or withhold any tax, duty, assessment, levy, governmental charge or other amount from any Distribution or amount payable upon Redemption or Transfer to the Nominated Party of any Westpac Capital Note (or upon or with respect to the issuance of any Ordinary Shares upon any Conversion), as required by law or any agreement with a governmental authority. If any such deduction or withholding has been made and paid over to the relevant governmental authority and the balance of the Distribution or other amount payable has been paid (or, in the case of a Conversion, Ordinary Shares issued) to the relevant Holder, then the full amount payable (or, in the case of a Conversion, the Conversion Number of Ordinary Shares) to such Holder shall be deemed to have been duly paid and

satisfied (or, in the case of a Conversion, issued) by Westpac or the Nominated Party, as applicable.

Westpac or the Nominated Party, as applicable, shall pay the full amount required to be deducted or withheld to the relevant governmental authority within the time allowed for such payment without incurring any penalty under applicable law and shall, if requested by any Holder, deliver to such Holder confirmation of such payment without delay after it is received by Westpac or the Nominated Party, as applicable.

11.2 FATCA

Without limiting clause 11.1, if any withholding or deduction arises under or in connection with FATCA, Westpac will not be required to pay any further amounts on account of such withholding or deduction or otherwise reimburse or compensate, or make any payment to, a Holder for or in respect of any such withholding or deduction.

11.3 Tax File Number withholdings

- (a) Westpac will, if required, withhold an amount from payment of Distributions on Westpac Capital Notes at the highest marginal tax rate plus the highest Medicare levy if a Holder has not supplied an appropriate tax file number, Australian business number or exemption details.
- (b) If a Holder supplies exemption details and Westpac subsequently determines that the relevant exemption was not available, Westpac may recover the amount that should have been deducted from the relevant Holder and may deduct that amount from any subsequent payment due to that Holder in respect of Westpac Capital Notes.

12. AMENDMENT OF THESE TERMS

12.1 Amendment generally

No amendment to these Terms is permitted without APRA's prior written approval if such amendment would impact, or potentially impact, the classification of the Westpac Capital Notes as Additional Tier 1 Capital on a Level 1 or Level 2 basis.

12.2 Amendment without consent

Subject to clause 12.1, and complying with all applicable laws and with APRA's prior written approval (except in the case of paragraph (a)(iii) below), Westpac may, without the authority, assent or approval of Holders, amend these Terms:

- (a) if Westpac is of the opinion that the amendment is:
- (i) of a formal, minor or technical nature;
 - (ii) made to cure any ambiguity;
 - (iii) made to correct any manifest error;
 - (iv) expedient for the purpose of enabling the Westpac Capital Notes to be listed for quotation or to retain listing on any stock exchange or to be offered for, or subscription for, sale under the laws for the time being in force in any place and it is otherwise not considered by Westpac to be materially prejudicial to the interests of Holders as a whole; or
 - (v) necessary to comply with the provisions of any statute, the requirements of any statutory authority, the ASX Listing Rules or the listing or quotation requirements of any stock exchange on which the Westpac Capital Notes are quoted; or
- (b) generally, in any case where such amendment is considered by Westpac not to be materially prejudicial to the interests of Holders as a whole.

12.3 Amendment with consent

Without limiting clause 12.2 and subject to clause 12.1, Westpac may, with APRA's prior written approval, amend these Terms if the amendment has been approved by a Special Resolution.

12.4 Amendment for successor holding company

- (a) Subject to clause 12.4(c), if:
- (i) it is proposed that Westpac be replaced as the ultimate holding company of the Westpac Group by an Approved Successor (**Replacement**); and
 - (ii) the Approved Successor agrees to expressly assume Westpac's obligations under these Terms by entering into a deed poll for the benefit of Holders under which it agrees (among other things):

- (A) to deliver Approved Successor Shares under all circumstances when Westpac would have otherwise been obliged to deliver Ordinary Shares on a Conversion, subject to the same terms and conditions of these Terms as amended by this clause 12.4;
- (B) to comply with the restriction in clause 3.7 (with all appropriate modifications) of these Terms; and
- (C) to use all reasonable endeavours and furnish all such documents, information and undertakings as may be reasonably necessary in order to procure quotation of the Approved Successor Shares issued under these Terms on the stock exchanges on which the other Approved Successor Shares are quoted at the time of a Conversion,

Westpac may, with APRA's prior written approval, but without the authority, assent or approval of Holders, give a notice (an **Approved Replacement Notice**) to Holders (which, if given, must be given as soon as practicable before the Replacement and in any event no later than 10 Business Days before the Replacement occurs) specifying the amendments to these Terms which will be made in accordance with this clause 12.4 to effect the substitution of the Approved Successor as the debtor in respect of Westpac Capital Notes and the issuer of ordinary shares on Conversion.

An Approved Replacement Notice, once given, is irrevocable.

- (b) If Westpac gives an Approved Replacement Notice to Holders in accordance with clause 12.4(a), then with effect on and from the date specified in the Approved Replacement Notice:
- (i) the Approved Successor will assume all of the obligations of, and succeed to, and be substituted for, and may exercise every right and power of, Westpac under these Terms (as may be amended from time to time) with the same effect as if the Approved Successor had been named as Westpac in these Terms;
 - (ii) Westpac (or any corporation which has previously assumed the obligations of Westpac) will be released from its liability under the Terms;

APPENDIX B

WESTPAC CAPITAL NOTES TERMS

- (iii) references to Westpac in these Terms will be taken to be references to the Approved Successor;
- (iv) the definition of Conversion in these Terms may be amended such that, with APRA's prior written approval, on the date on which the Westpac Capital Notes are to be Converted:
- (A) each Westpac Capital Note that is being Converted will be automatically transferred by each Holder free from encumbrances to the Approved Successor on the date the Conversion is to occur;
- (B) each Holder will be issued a number of Approved Successor Shares equal to the Conversion Number (which is calculated using the formula in clause 8.1 as though references in that clause to Ordinary Shares are references to Approved Successor Shares); and
- (C) as between Westpac and the Approved Successor, each Westpac Capital Note held by the Approved Successor as a result of the transfer will be automatically Converted into an Ordinary Share such that the total number of Ordinary Shares held by the Approved Successor equals the number of Approved Successor Shares issued by the Approved Successor to Holders on Conversion; and
- (v) such other amendments may be made to these Terms as in Westpac's reasonable opinion are necessary and appropriate to effect the substitution of an Approved Successor as debtor in respect of Westpac Capital Notes and the issuer of the ordinary shares on Conversion in the manner contemplated by these Terms (including such amendment as is necessary or expedient for the purposes of complying with the provisions of Chapter 2L of the Corporations Act where the Approved Successor is not an ADI).
- (c) Where an amendment under clause 12.4(b) results in Approved Successor Shares being issued to Holders, each Holder agrees to become a member of the Approved Successor immediately prior to the issue of the Approved Successor Shares and appoints Westpac as its attorney as contemplated under clause 13.10 to do all

things necessary or desirable to give effect to this clause 12.4.

- (d) If an Approved Successor is a NOHC, Westpac must not issue an Approved Replacement Notice unless:
- (i) the Approved Successor or another entity not related to Westpac and approved by APRA subscribes for Ordinary Shares or other capital instruments acceptable to APRA in such amount as may be necessary, or take other steps acceptable to APRA to ensure that the capital position of the Westpac Level 1 Group will not be adversely affected, including, as required by APRA or APRA's prudential requirements, undertaking any capital injection in relation to Westpac to replace the Westpac Capital Notes; and
- (ii) any capital injection carried out pursuant to paragraph (i) is:
- (A) unconditional;
- (B) occurs simultaneously with the substitution of the Approved Successor; and
- (C) of equal or better quality capital and at least the same amount as the Westpac Capital Notes, unless otherwise approved by APRA in writing.
- (e) Nothing in this clause 12.4 prevents Westpac from proposing, or limits, any scheme of arrangement or other similar proposal that may be put to Holders or other members of Westpac.

12.5 Meanings

In this clause **amend** includes modify, cancel, alter or add to and **amendment** has a corresponding meaning.

13. GENERAL

13.1 Not deposit liabilities or protected accounts

- (a) Westpac Capital Notes are not deposit liabilities of Westpac nor protected accounts for the purposes of the Banking Act or Financial Claims Scheme and are not subject to the depositor protection provisions of the Banking Act.
- (b) No member of the Westpac Group has any liability for Westpac Capital Notes and neither Westpac nor any member of the Westpac Group guarantees Westpac Capital Notes.

For personal use only

13.2 Further issues

Westpac reserves the right to issue further Westpac Capital Notes or other securities which rank senior to, equally with or behind existing Westpac Capital Notes, whether in respect distributions, dividends, return of capital on a Winding Up or otherwise.

13.3 No set-off

Neither Westpac nor any Holder is entitled to set-off any amounts due in respect of the Westpac Capital Notes against any amount of any nature owed by Westpac to the Holder or by the Holder to Westpac (as applicable).

13.4 Quotation

Westpac must use all reasonable endeavours and furnish all such documents, information and undertakings as may be reasonably necessary in order to procure quotation of Westpac Capital Notes on the financial market operated by ASX.

13.5 Meetings

The Deed Poll contains provisions for convening meetings of the Holders. Any such meeting may consider any matters affecting the interests of Holders, including, without limitation, the amendment of the Terms and the granting of approvals, consents and waivers.

13.6 Notices

The Deed Poll contains provisions for the giving of notices.

13.7 No other rights

Before Conversion, Westpac Capital Notes confer no rights on a Holder:

- (a) to vote at, or receive notices of, any meeting of shareholders of Westpac;
- (b) to subscribe for new securities or to participate in any bonus issues of securities of Westpac; or
- (c) to otherwise participate in the profits or property of Westpac, except as set out in these Terms.

13.8 Ability to trade, buy-back or purchase

- (a) Westpac or any member of the Westpac Group may, to the extent permitted by applicable laws and regulations and with APRA's prior written

approval, at any time buy or sell Westpac Capital Notes in the open market, by tender to all or some of the Holders, by private agreement or in any other manner, at any price.

- (b) Subject to APRA's prior written approval, Westpac may purchase on-market or otherwise conduct a buy-back in relation to Westpac Capital Notes at any time and at any price.
- (c) Any Westpac Capital Note purchased or bought-back by Westpac pursuant to this clause is immediately cancelled.

13.9 Waiver of immunity

Westpac irrevocably and unconditionally waives any objection it may now or in the future have to the venue of any proceedings, and any claim it may now or in the future have that any proceedings have been brought in an inconvenient forum, if that venue falls within clause 14.

13.10 Power of attorney

Each Holder irrevocably appoints each of Westpac, its officers and any liquidator or administrator of Westpac (each an **Attorney**) severally to be the attorney of the Holder with power in the name and on behalf of the Holder to sign all documents and transfers and do any other thing as may in the Attorney's opinion be necessary or desirable to be done in order for the Holder to observe or perform the Holder's obligations under these Terms.

The power of attorney given in this clause 13.10 is given for valuable consideration and to secure the performance by the Holder of the Holder's obligations under these Terms and is irrevocable.

14. GOVERNING LAW

These Terms are governed by the laws of New South Wales, Australia. Each party irrevocably submits to the non-exclusive jurisdiction of the courts of New South Wales, and agrees that it will not object to the venue or claim that the relevant action or proceedings have been brought in an inconvenient forum.

APPENDIX B

WESTPAC CAPITAL NOTES TERMS

15. INTERPRETATION AND DEFINITIONS

15.1 Interpretation

The following rules of interpretation apply in these Terms unless the contrary intention appears or the context otherwise requires.

- (a) Definitions and interpretation under Westpac's constitution will also apply to these Terms unless the contrary intention is expressed.
- (b) Unless the context otherwise requires, if there is any inconsistency between the provisions of these Terms and Westpac's constitution then, to the maximum extent permitted by law, the provisions of these Terms will prevail.
- (c) Unless otherwise specified, the Westpac Directors may exercise all powers of Westpac under these Terms as are not, by the Corporations Act or by Westpac's constitution, required to be exercised by Westpac in general meeting.
- (d) Notices may be given by Westpac to a Holder in the manner prescribed by Westpac's constitution for the giving of notices to members of Westpac and the relevant provisions of Westpac's constitution apply with all necessary modification to notices to Holders.
- (e) Unless otherwise specified, a reference to a clause is a reference to a clause of these Terms.
- (f) If a calculation is required under these Terms, unless the contrary intention is expressed, the calculation will be rounded to four decimal places.
- (g) If a payment is required to be made under these Terms, unless the contrary intention is expressed, the payment will be made in Australian dollars only.
- (h) Any provisions which refer to the requirements of APRA or any other prudential regulatory requirements will apply to Westpac only if Westpac is an entity, or the holding company of an entity, subject to regulation and supervision by APRA at the relevant time.
- (i) Any provisions in these Terms requiring the prior written approval by APRA for a particular course of action to be taken by Westpac do not imply that APRA has given its consent or approval to the particular action as of the Issue Date.
- (j) The terms takeover bid, relevant interest, scheme of arrangement, buy-back and on-market buy-back when used in these Terms have the meaning given in the Corporations Act.

(k) Headings and boldings are for convenience only and do not affect the interpretation of these Terms.

(l) The singular includes the plural and vice versa.

(m) A reference to a statute, ordinance, code or other law includes regulations and other instruments under it and consolidations, amendments, re-enactments or replacements of any of them.

(n) If an event under these Terms must occur on a stipulated day which is not a Business Day, then the event will be done on the next Business Day.

(o) A reference to \$, dollars or cents is a reference to the lawful currency of Australia.

(p) A reference to time in these Terms is a reference to Sydney, New South Wales, Australia time.

(q) Calculations, elections and determinations made by Westpac under these Terms are binding on Holders in the absence of manifest error.

(r) If any provision of these Terms is prohibited or unenforceable in its terms but would not be prohibited or unenforceable if it were read down, and is capable of being read down, that provision must be read down accordingly. If, despite this clause, a provision is still prohibited or unenforceable, if the provision would not be prohibited or unenforceable if a word or words were omitted, the relevant words must be severed and, in any other case, the whole provision must be severed. However, the remaining provisions of the Terms are of full force and effect.

15.2 Definitions

In these Terms, except where the contrary intention appears:

Acquisition Event means:

- (a) a takeover bid is made for Ordinary Shares and the offer is, or becomes, unconditional and the bidder has a relevant interest in more than 50% of the Ordinary Shares on issue; or
- (b) a court orders one or more meetings to be convened to approve a scheme of arrangement under part 5.1 of the Corporations Act which scheme would result in a person having a relevant interest in more than 50% of the Ordinary Shares that will be on issue after the scheme is implemented and either:

- (i) the relevant classes of members pass a resolution approving the scheme; or
- (ii) an independent expert issues a report that the proposals in connection with the scheme are in the best interests of the holders of Ordinary Shares; or
- (iii) Holders are treated as being a separate class for the purposes of a scheme of arrangement in respect of the replacement of Westpac as the ultimate holding company of the Westpac Group.

Notwithstanding the foregoing, the proposed replacement of Westpac as the ultimate holding company of the Westpac Group shall not constitute an Acquisition Event if:

- (c) the proposed successor holding company complies with all applicable legal requirements and obtains any necessary regulatory approvals (including APRA's prior written approval);
- (d) the proposed successor holding company agrees to take any necessary action to give effect to an amendment to the Terms as contemplated in clause 12.4;
- (e) the ordinary shares of the proposed successor holding company are to be listed on any internationally recognised stock exchange;
- (f) the proposed successor holding company has a place of business in New South Wales or has appointed a process agent in New South Wales to receive service of process on its behalf in relation to any legal proceedings arising out of or in connection with Westpac Capital Notes;
- (g) the proposed successor holding company has, in the reasonable opinion of Westpac, the financial capacity to satisfy Westpac's obligations under these Terms and the Deed Poll; and
- (h) the proposed replacement of Westpac and the events described in paragraphs (c) to (e) would not, in the reasonable opinion of Westpac, otherwise adversely affect the interests of Holders.

Acquisition Event Conversion Date has the meaning set out in clause 5.7(a)(iii).

Additional Tier 1 Capital means Additional Tier 1 Capital as described by APRA.

ADI means an Authorised Deposit-taking Institution under the Banking Act.

Administrative Action means any judicial decision, official administrative pronouncement or action, published or private ruling, interpretative decision, regulatory procedure or policy, application of a regulatory procedure or policy and any notice or announcement (including any notice or announcement of intent to adopt or make any of those things).

Applicable Regulation means the ASX Listing Rules, the ASX Settlement Operating Rules, the rules and regulations of CHES, the Corporations Act and any rules or regulations made under or pursuant to them.

Approved Replacement Notice has the meaning given in clause 12.4(a).

Approved Successor means a holding company that replaces, or is proposed to replace, Westpac as the ultimate holding company of the Westpac Group and that satisfies the requirements under paragraphs (c) to (h) of the definition of 'Acquisition Event' in these Terms.

Approved Successor Share means a fully paid ordinary share in the capital of the Approved Successor.

APRA means the Australian Prudential Regulation Authority (ABN 79 635 582 658) or any authority succeeding to its powers or responsibilities.

ASX means ASX Limited (ABN 98 008 624 691) or the securities market operated by it, as the context requires.

ASX Listing Rules means the listing rules of ASX from time to time with any modifications or waivers in their application to Westpac, which ASX may grant.

ASX Settlement Operating Rules means the settlement operating rules of ASX from time to time with any applicable modification or waiver granted by ASX.

Bank Bill Rate has the meaning given in clause 3.1.

Banking Act means the *Banking Act 1959* (Cth).

Bookbuild means a process conducted by or on behalf of Westpac whereby bids are lodged for the Westpac Capital Notes, and, on the basis of those bids, Westpac determines the Margin.

APPENDIX B

WESTPAC CAPITAL NOTES TERMS

Business Day means a business day as defined in the ASX Listing Rules.

Buy Back means a transaction involving the acquisition by Westpac of its Ordinary Shares pursuant to the provisions of Part 2J of the Corporations Act.

Capital Reduction means a reduction in capital by Westpac of its Ordinary Shares in any way permitted by the provisions of Part 2J of the Corporations Act.

Capital Securities means shares or any equity, hybrid or subordinated debt capital security (whether comprised of one or more instruments) issued by Westpac excluding the Westpac Capital Notes.

Capital Security has the corresponding meaning.

Capital Trigger Event occurs when:

- (a) Westpac determines; or
- (b) APRA notifies Westpac in writing that it believes, that either or both the Westpac Level 1 Common Equity Tier 1 Capital Ratio or Westpac Level 2 Common Equity Tier 1 Capital Ratio is equal to or less than 5.125%.

Capital Trigger Event Conversion Date has the meaning set out in clause 5.1(c)(iii).

CHES means the Clearing House Electronic Subregister System operated by ASX Settlement Pty Limited (ABN 49 008 504 532).

Common Equity Tier 1 Capital has the meaning prescribed by APRA in its prudential standards.

Conversion means, the conversion of all, some or a proportion of each Westpac Capital Note into Ordinary Shares under these Terms and **Convert** and **Converted** have corresponding meanings.

Conversion Date means the applicable:

- (a) Scheduled Conversion Date;
- (b) Capital Trigger Event Conversion Date;
- (c) Non-Viability Trigger Event Conversion Date; or
- (d) Acquisition Event Conversion Date.

Conversion Number has the meaning given in clause 8.1.

Corporations Act means the *Corporations Act 2001* (Cth).

Deed Poll means the deed poll entitled "Westpac Capital Notes Deed Poll" executed by Westpac and dated 30 January 2013.

Distribution has the meaning given in clause 3.1.

Distribution Payment Date has the meaning given in clause 3.5.

Distribution Period means the period from (but excluding) the Issue Date until (and including) the first Distribution Payment Date or thereafter from (but excluding) each Distribution Payment Date until (and including) the next Distribution Payment Date.

Distribution Rate has the meaning given in clause 3.1.

Dividends means any interim, final or special dividends payable in accordance with the Corporations Act and Westpac's Constitution in relation to Ordinary Shares.

Equal Ranking Capital Security means:

- (a) in the case of a dividend, distribution or interest in respect of the Capital Security, a Capital Security (including TPS 2003 Preference Shares, TPS 2003 Debentures, TPS 2004 Preference Shares, TPS 2004 Debentures, TPS 2006 Preference Shares, TPS 2006 Notes, SPS 2008 I Preference Shares, SPS 2008 I Notes, SPS 2008 II Preference Shares, SPS 2008 II Notes and Westpac CPS 2012) which ranks or is expressed to rank for payment of the dividend, distribution or interest equally with Westpac Capital Notes; and
- (b) in the case of redemption or repayment of, reduction of capital on, cancellation of or acquisition of the Capital Security, a Capital Security (including TPS 2003 Preference Shares, TPS 2003 Debentures, TPS 2004 Preference Shares, TPS 2004 Debentures, TPS 2006 Preference Shares, TPS 2006 Notes, SPS 2008 I Preference Shares, SPS 2008 I Notes, SPS 2008 II Preference Shares, SPS 2008 II Notes and Westpac CPS 2012) which ranks or is expressed to rank equally with Westpac Capital Notes for repayment or a return of capital if Westpac is wound up.

Face Value means as applicable either:

-
- (a) A\$100 per Westpac Capital Note (**Initial Face Value**); or
- (b) the Initial Face Value reduced by the amount of Face Value per Westpac Capital Notes which has previously been Converted or written down in accordance with clause 5.1 or clause 5.2.

FATCA means sections 1471 through 1474 of the United States Internal Revenue Code of 1986, as amended (or any consolidation, amendment, re-enactment or replacement of those provisions and including any regulations or official interpretations issued, agreements entered into or non-US laws enacted with respect to those provisions).

Financial Claims Scheme means the financial claims scheme established under the Banking Act.

First Scheduled Conversion Condition has the meaning set out in clause 4.2(a)(i).

Foreign Holder means a Holder whose address in the Westpac Capital Notes Register is a place outside Australia or who Westpac otherwise believes may not be a resident of Australia and Westpac is not satisfied that the laws of the Holder's country of residence permit the offer, holding or acquisition of Ordinary Shares to the Holder (but Westpac will not be bound to enquire into those laws), either unconditionally or after compliance with conditions which Westpac, in its absolute discretion, regards as acceptable and not unduly onerous.

Franking Event occurs if Westpac determines there is a material risk that as a result of any change or proposed change in, or amendment or proposed amendment to, the laws of Australia, or their application or official or judicial interpretation or administration, which change or amendment was not expected by Westpac as at the Issue Date and has or is expected to become effective on or after the Issue Date, any Distribution would not be a frankable distribution within the meaning of Division 202 of the Tax Act.

Holder means, in respect of a Westpac Capital Note, the person whose name is for the time being entered in the Westpac Capital Notes Register as the owner of it or, where it is held jointly by two or more persons, the persons whose names appear in the Westpac Capital Notes register as the joint owners of the Westpac Capital Note.

Ineligible Holder means a Holder who is prohibited or restricted by any applicable law or regulation in force in Australia (including but not limited to Chapter 6 of the Corporations Act, the *Foreign Acquisitions and Takeovers Act 1975* (Cth), the *Financial Sector (Shareholdings) Act 1998* (Cth) and Part IV of the *Competition and Consumer Act 2010* (Cth)) from being offered, holding or acquiring Ordinary Shares (provided that if the relevant prohibition or restriction only applies to the Holder in respect of some of its Westpac Capital Notes, it shall only be treated as an Ineligible Holder in respect of those Westpac Capital Notes and not in respect of the balance of its Westpac Capital Notes), and includes a Foreign Holder. Westpac will be entitled to treat a Holder as not being an Ineligible Holder unless the Holder has otherwise notified it after the Issue Date and prior to the Conversion Date.

Issue Date means the date on which Westpac Capital Notes are issued, which is expected to be on or about 8 March 2013.

Issue Date VWAP means the VWAP during the period of 20 Business Days on which trading in Ordinary Shares took place immediately preceding but not including the Issue Date, as adjusted in accordance with clauses 8.4 to 8.7.

Level 1 and **Level 2** means those terms as defined by APRA from time to time.

Liquidator means the liquidator or other official responsible for the conduct and administration of a Winding Up.

Liquidation Sum means an amount of surplus assets equal to \$100 per Westpac Capital Note (as adjusted for any write-off or Conversion under clauses 5.1 or 5.2).

Margin has the meaning given in clause 3.1.

APPENDIX B

WESTPAC CAPITAL NOTES TERMS

Maximum Conversion Number has the meaning given in clause 8.1.

NOHC means a 'non-operating holding company' within the meaning of the Banking Act.

Nominated Party means one or more third parties selected by Westpac in its absolute discretion (which cannot include a member of the Westpac Group).

Non-Viability Trigger Event occurs when APRA notifies Westpac in writing that it believes:

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

Non-Viability Trigger Event Conversion Date has the meaning set out in clause 5.2(c)(iii).

Optional Redemption/Transfer Date means 8 March 2019.

Ordinary Share means a fully paid ordinary share in the capital of Westpac.

Prospectus means the prospectus relating to the offer of Westpac Capital Notes dated on or about 30 January 2013 and any supplementary or replacement prospectus.

Reclassification has the meaning given in clause 8.3.

Record Date means, in the case of:

- (a) the payment of Distributions, the date which is eight calendar days before the relevant Distribution Payment Date or, if that date does not fall on a Business Day, the immediately preceding Business Day (or such other date as may be prescribed under the ASX Listing Rules or, if not prescribed by the ASX Listing Rules, a date determined by Westpac and notified to ASX); and
- (b) the payment of the Face Value of the Westpac Capital Note upon a Redemption or Transfer, a date determined by Westpac and notified to ASX (or such other date as may be prescribed by ASX).

Redemption means the redemption of all or some Westpac Capital Notes for their Face Value under

these Terms and **Redeem, Redeemable** and **Redeemed** have corresponding meanings.

Redemption Date means, in respect of each Westpac Capital Note, the date specified by Westpac as the Redemption Date in accordance with clause 6.

Registry means Link Market Services Limited (ABN 54 083 214 537) or any other person appointed by Westpac to maintain the Westpac Capital Notes Register.

Regulatory Event means either:

- (a) as a result of:
 - (i) any amendment to, clarification of, or change (including any announcement of a prospective change) in, the laws or regulations of Australia; or
 - (ii) any Administrative Action or any amendment to, clarification of, or change in an Administrative Action,

in each case by any legislative body, court, government authority or regulatory body (irrespective of the manner in which such amendment, clarification, change or Administrative Action is effective or Administrative Action is announced) after the Issue Date provided it was not expected by Westpac as at the Issue Date:

- (iii) additional requirements would be imposed on the Westpac Group in relation to the Westpac Capital Notes; or
- (iv) there would be a negative impact on the Westpac Group, which Westpac determines, at its sole discretion, to be unacceptable; or
- (b) Westpac determines that all, some or a proportion of all or some Westpac Capital Notes are not or will not be treated as Additional Tier 1 Capital of the Westpac Group under APRA's prudential standards (as amended from time to time), other than as a result of a change of treatment expected by Westpac as at the Issue Date.

Relevant Security means a security forming part of the Tier 1 Capital of Westpac on a Level 1 basis or Level 2 basis.

Replacement has the meaning given in clause 12.4(a).

Sale Agent means the nominee (who cannot be a member of the Westpac Group) appointed by Westpac under the facility established for the sale of Ordinary Shares issued by Westpac on Conversion on behalf of Holders who do not wish to receive Ordinary Shares on Conversion or who are Ineligible Holders.

Scheduled Conversion Conditions means the conditions in clause 4.2.

Scheduled Conversion Date has the meaning given in clause 4.1.

Second Scheduled Conversion Condition has the meaning set out in clause 4.2(a)(ii).

Senior Creditors means all creditors of Westpac (present and future), including depositors of Westpac and all holders of Westpac's senior or subordinated debt:

- (a) whose claims are admitted in the Winding Up; and
- (b) whose claims are not made as holders of indebtedness arising under:
 - (i) an Equal Ranking Capital Security; or
 - (ii) an Ordinary Share.

Solvent Reconstruction means a scheme of amalgamation or reconstruction, not involving a bankruptcy or insolvency, where the obligations of Westpac in relation to the outstanding Westpac Capital Notes are assumed by the successor entity to which all, or substantially all of the property, assets and undertaking of Westpac are transferred or where an arrangement with similar effect not involving a bankruptcy or insolvency is implemented.

Special Resolution means:

- (a) a resolution passed at a meeting of Holders by a majority of least 75% of the votes validly cast by Holders in person or by proxy and entitled to vote on the resolution; or
- (b) the written approval of Holders holding at least 75% of the Westpac Capital Notes.

SPS 2008 I Notes means the notes issued by Westpac under the note deed poll dated 18 June 2008.

SPS 2008 I Preference Shares means the preference shares of Westpac designated as 2008 Series 1 Preference Shares.

SPS 2008 II Notes means the notes issued by Westpac under the note deed poll dated 20 February 2009.

SPS 2008 II Preference Shares means the preference shares of Westpac designated as 2008 Series II Preference Shares.

Subsidiary has the meaning given in the Corporations Act.

Tax Act means:

- (a) the *Income Tax Assessment Act 1936* (Cth) or the *Income Tax Assessment Act 1997* (Cth) (both as amended from time to time, as the case may be, and a reference to any section of the *Income Tax Assessment Act 1936* (Cth) includes a reference to that section as rewritten in the *Income Tax Assessment 1997* (Cth)); and
- (b) any other law setting the rate of income tax payable; and
- (c) any regulation made under such laws.

Tax Event occurs when Westpac determines that there is a material risk that the Westpac Group would be exposed to a more than de minimis adverse tax consequence or increased cost in relation to Westpac Capital Notes other than a tax consequence or cost that Westpac expected as at the Issue Date.

Terms means these terms and conditions of Westpac Capital Notes.

Tier 1 Capital means at any time any equity, debt or hybrid so described by APRA.

TPS 2003 Debentures means the securities issued under Westpac's Junior Subordinated Indenture dated 13 August 2003 as supplemented by the Supplemental Indenture No 1 dated 13 August 2003.

TPS 2003 Preference Shares means the preference shares of Westpac designated as 2003 Series 1 Preference Shares.

TPS 2004 Debentures means the securities issued under Westpac's Junior Subordinated Indenture

APPENDIX B

WESTPAC CAPITAL NOTES TERMS

dated 13 August 2003 as supplemented by the Supplemental Indenture No 2 dated 5 April 2004.

TPS 2004 Preference Shares means the preference shares of Westpac designated as 2004 Series 1 Preference Shares.

TPS 2006 Notes means the notes issued by Westpac under the Note Deed between Westpac and Westpac Funds Management Limited dated 10 May 2006.

TPS 2006 Preference Shares means the preference shares of Westpac designated as 2006 Series 1 Preference Shares.

Transfer means the transfer of Westpac Capital Notes by Holders to a Nominated Party in accordance with clause 7 and **Transferred** has a corresponding meaning.

Transfer Notice means a notice issued in accordance with clause 7.

VWAP means, subject to any adjustments under clauses 8.2 and 8.3, the average of the daily volume weighted average sale prices (rounded to the nearest full cent) of Ordinary Shares sold on ASX during the relevant period or on the relevant days but does not include any "crossing" transacted outside the "Open Session State" or any "special crossing" transacted at any time, each as defined in the ASX Market Rules or any overseas trades or trades pursuant to the exercise of options over Ordinary Shares.

VWAP Period means:

- (a) in the case of a Conversion resulting from a Capital Trigger Event or a Non-Viability Trigger Event, the period of 5 Business Days on which trading in Ordinary Shares took place immediately preceding (but not including) the Conversion Date; and
- (b) in the case of any other Conversion, the period of 20 Business Days on which trading in Ordinary Shares took place immediately preceding (but not including) the Conversion Date; or
- (c) otherwise, the period for which the VWAP is to be calculated in accordance with these Terms.

Westpac means Westpac Banking Corporation (ABN 33 007 457 141).

Westpac Capital Note means the Westpac Capital Note issued by Westpac under the Terms.

Westpac Capital Notes Register means the register of Holders maintained by Westpac or its agent and includes any subregister established and maintained under CHESS.

Westpac CPS 2012 means the convertible preference shares of Westpac designated as Westpac CPS.

Westpac Directors means some or all of the directors of Westpac acting as a board.

Westpac Group means Westpac and its controlled entities.

Westpac Level 1 Common Equity Tier 1 Capital Ratio means, in respect of the Westpac Level 1 Group, the ratio of the Common Equity Tier 1 Capital of the Westpac Level 1 Group to the risk weighted assets of the Westpac Level 1 Group, calculated in accordance with APRA's prudential standards (as amended from time to time).

Westpac Level 1 Group means either:

- (a) Westpac; or
- (b) the "extended licensed entity" which is comprised of Westpac and each Subsidiary of Westpac as specified in any approval granted by APRA in accordance with APRA's prudential standards (as amended from time to time).

Westpac Level 2 Common Equity Tier 1 Capital Ratio means, in respect of the Westpac Level 2 Group, the ratio of the Common Equity Tier 1 Capital of the Westpac Level 2 Group to the risk weighted assets of the Westpac Level 2 Group, calculated in accordance with APRA's prudential standards (as amended from time to time).

Westpac Level 2 Group means Westpac and each Subsidiary that is recognised by APRA as part of Westpac's Level 2 group in accordance with APRA's prudential standards (as amended from time to time).

Winding Up means:

- (a) a court order is made for the winding up of Westpac; or
- (b) an effective resolution is passed by shareholders or members for the winding up of Westpac, other than in connection with a Solvent Reconstruction.

A Winding Up must be commenced by a court order or an effective resolution of shareholders or members. Neither (i) the making of an application, the filing of a petition, or the taking of any other steps for the winding up of Westpac (or any other procedure whereby Westpac may be dissolved, liquidated, sequestered or cease to exist as a body corporate), nor (ii) the appointment of a receiver, administrator, administrative receiver, compulsory manager, ADI statutory manager or other similar officer (other than a Liquidator) in respect of Westpac, constitutes a Winding Up for the purposes of these Terms.

15.3 Inconsistency with ASX Listing Rules

So long as Westpac Capital Notes are quoted on ASX, these Terms as they relate to those Westpac Capital Notes are to be interpreted in a manner consistent with the applicable ASX Listing Rules, provided always that where a clause of the Terms is required to give effect to the prudential requirements of APRA applicable to Westpac from time to time, the interpretation which gives effect to that APRA requirement shall prevail.

For personal use only

This page has been left blank intentionally.

Broker Code

Broker stamp

Adviser Code

Broker Firm Offer Closing Date
 10.00am (Sydney time):

7 March 2013*

WESTPAC CAPITAL NOTES OFFER – BROKER FIRM APPLICATION FORM

This Broker Firm Application Form relates to the Broker Firm Offer by Westpac of Westpac Capital Notes made under the Prospectus dated 7 February 2013.

Broker Firm Applicants MUST contact their Syndicate Broker for information on how to submit this Broker Firm Application Form and their Application Payment.

The Prospectus contains important information about investing in Westpac Capital Notes and you should read the Prospectus in full before applying for Westpac Capital Notes. This Broker Firm Application Form should be read in conjunction with the Prospectus. Capitalised words used in this Broker Firm Application Form have the meanings given to them in the Prospectus. This Broker Firm Application Form is important. **If you are in any doubt as to how to deal with it, please contact your Syndicate Broker or other professional adviser without delay.**

This Broker Firm Application Form must not be distributed unless included in, or accompanied by, the Prospectus.

* 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 Westpac Capital Notes are issued.

Number of Westpac Capital Notes applied for	Issue Price per Westpac Capital Note	Application Payment
<input type="text"/>	at A \$100	<input type="text"/>
		B A \$ <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/> <input type="text"/>
(minimum 50 Westpac Capital Notes (A\$5,000), thereafter in multiples of 10 Westpac Capital Notes (A\$1,000))		

PLEASE COMPLETE YOUR DETAILS BELOW (refer overleaf for correct forms of registrable names)

Applicant #1

Surname / Company name

Title	First name	Middle name
<input type="text"/>	<input type="text"/>	<input type="text"/>

Joint applicant #2

Surname / Company name

Title	First name	Middle name
<input type="text"/>	<input type="text"/>	<input type="text"/>

Designated account e.g. <Super Fund> (or joint applicant #3)

PLEASE COMPLETE ADDRESS DETAILS

PO Box/RMB/Locked bag/Care of (c-)/Property name/Building name (if applicable)

Unit number / Level	Street number	Street name
<input type="text"/>	<input type="text"/>	<input type="text"/>

Suburb / City or Town	State	Postcode	Country
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

Email address (only for the purpose of electronic communication of Westpac Capital Notes holder information)

CHES HIN (if you want to add this holding to a specific CHES holding, write the number here)

Please note: if you supply a CHES HIN but the name and address details on this Broker Firm Application Form do not correspond exactly with your CHES registration details you will not be able to include any Westpac Capital Notes Allocated to you on your existing CHES HIN. Instead, you will be issued with an issuer-sponsored holding for any Westpac Capital Notes Allotted to you.

Telephone number where you can be contacted during business hours	Contact Name (PRINT)
<input type="text"/>	<input type="text"/>

LODGEMENT INSTRUCTIONS

The Closing Date for the Broker Firm Offer is expected to be 10.00am (Sydney time) on 7 March 2013. You must return your Broker Firm Application Form and Application Payment directly to the Syndicate Broker who offered you an Allocation under the Broker Firm Offer, in accordance with their instructions, and **NOT** to the Registry or Westpac.

This Broker Firm Application Form cannot be completed electronically.

Completed Broker Firm Application Forms and Application Payments must be received by your Syndicate Broker in sufficient time for your Syndicate Broker to process that Application by the Closing Date for the Broker Firm Offer. If you have any questions concerning your Application, please contact your Syndicate Broker directly.

For personal use only

GUIDE TO THE BROKER FIRM APPLICATION FORM

- A Number of Westpac Capital Notes applied for:** Enter the number of Westpac Capital Notes you wish to apply for. The Application must be for a minimum of 50 Westpac Capital Notes (A\$5,000) and thereafter in multiples of 10 Westpac Capital Notes (A\$1,000). Westpac may Allot you all of the Westpac Capital Notes applied for, a lesser number, or none at all.
- B Application Payment:** Enter the amount of your Application Payment. To calculate the amount, multiply the number of Westpac Capital Notes applied for by the Issue Price (A\$100). Amounts should be in Australian dollars. Please ensure you enclose your Application Payment equalling this amount with your Application.
Broker Firm Applicants must contact the Syndicate Broker who offered them an Allocation under the Broker Firm Offer for instructions on how to submit their Broker Firm Application Form and Application Payment. Do not send your completed Broker Firm Application Form and Application Payment to the Registry or Westpac.
- C Registrable Name(s):** Enter the full name you wish to appear on your Holding Statement. This must be either your own name or the name of a company. Up to three joint Applicants may register. You should refer to the table below for the correct forms of registrable names. Applications using the wrong form of names may be rejected. CHES participants should complete their name identically to that presently registered in CHES.
- D Address:** Enter your postal address for all correspondence. All communications to you from Westpac and the Registry will be mailed to the person(s) and address as shown. For joint Applicants, only one address can be entered.

- E CHES Participant:** Westpac will apply to ASX for Westpac Capital Notes to participate in CHES, operated by ASX Settlement Pty Ltd. Westpac will operate an electronic CHES sub-register and an electronic issuer-sponsored sub-register. Together, the two sub-registers will make up Westpac's principal register of Westpac Capital Notes. Westpac will not be issuing paper certificates to Applicants in respect of Westpac Capital Notes unless required by law. If you are a CHES participant (or are sponsored by a CHES participant) and you wish to hold Westpac Capital Notes Allocated to you under this Application on the CHES sub-register, enter your CHES Holder Identification Number (HIN).
Westpac Capital Notes will only be issued under an existing CHES HIN if your full name and address details on this Broker Firm Application Form are identical to your CHES registration details. If your CHES registration details are not identical, you will not be able to include any Westpac Capital Notes Allocated to you on your existing CHES HIN. Instead, you will be issued with an issuer-sponsored holding for any Westpac Capital Notes Allocated to you. Once Westpac Capital Notes have been Allotted, you may be able to combine your Westpac Capital Notes holding with your existing CHES sponsored holdings by contacting your broker.
- F Contact Details:** Enter your telephone number, area code and contact name in case we need to contact you in relation to your Application.

ACCEPTANCE OF THE OFFER

By returning this Broker Firm Application Form and Application Payment to my/our Syndicate Broker in accordance with their instructions, I/we:

- acknowledge having personally received a printed or electronic copy of the full Prospectus (and any supplementary or replacement document) accompanying this Broker Firm Application Form and have read them all in full;
- agree to be registered as a holder of Westpac Capital Notes and to be bound by the terms of the Offer, the Prospectus, the Westpac Capital Notes Deed and the Notes Deed Poll;
- agree to become a member of Westpac and to be bound by the terms of Westpac's Constitution, if issued Ordinary Shares on Conversion;
- declare that all details and statements in this Broker Firm Application Form are complete and accurate;
- declare that each Applicant, if a natural person, is over 18 years of age;
- acknowledge and declare that I/we authorise Westpac (and the Registry on Westpac's behalf) to use and disclose my/our personal information in the manner set out in Section 8.10 of the Prospectus;
- acknowledge that once I/we submit this Broker Firm Application Form I/we may not modify or withdraw it except as permitted by law;
- apply for the number of Westpac Capital Notes at the Australian dollar amount shown on the front of this Broker Firm Application Form;
- agree to being Allocated the number of Westpac Capital Notes that I/we apply for, or a lower number Allocated in a way described in the Prospectus, or no Westpac Capital Notes at all;
- authorise Westpac and the Joint Lead Managers and their respective officers or agents, to do anything on my/our behalf necessary for Westpac Capital Notes to be Allocated to me/us, including to act on instructions received by the Registry upon using the contact details in Sections C, D or F;
- acknowledge that the information contained in the Prospectus (and any supplementary or replacement document) is not financial product or investment advice or a recommendation that Westpac Capital Notes are suitable for me/us, given my/our investment objectives, financial situation or particular needs;
- acknowledge that Distributions are discretionary and only payable subject to satisfaction of the Distribution Payment Conditions;
- declare that I am/we are an Australian resident;
- represent and warrant that I am/we are not acting for the account or benefit of any person to whom it would not be lawful to make the Offer under applicable securities law;
- represent and warrant that I am/we are not in the United States or New Zealand and I am/we are not a US Person (and not acting for the account or benefit of a US Person), and I/we will not offer, sell, deliver or transfer Westpac Capital Notes in the United States or New Zealand or to, or for the account or benefit of, any US Person or any member of the public in New Zealand;
- acknowledge that Westpac Capital Notes are not deposit liabilities or protected accounts of Westpac for the purposes of the Banking Act 1959 (Cth) or Financial Claims Scheme, are not subject to the depositor protection provisions of Australian banking legislation, and are not guaranteed or insured by any Australian government, government agency, compensation scheme of Australia or any other jurisdiction, or any other person;
- acknowledge that an investment in Westpac Capital Notes is subject to investment risk, including possible delays in payment and loss of income and principal invested, and that neither Westpac nor any member of the Westpac Group guarantees the capital value or performance of Westpac Capital Notes or any particular rate of return;
- acknowledge that investments in the Westpac Capital Notes are an investment in Westpac and may be affected by the ongoing performance, financial position and solvency of Westpac; and
- acknowledge that Westpac may reject an Application without giving any reason, including where this Broker Firm Application Form is not properly completed.

PRIVACY STATEMENT

Link Market Services Limited (the Registry) advises that once you become a holder of Westpac Capital Notes, Chapter 2C of the Corporations Act 2001 (Cth) requires information about you as a securityholder (including your name, address and details of the Westpac Capital Notes you hold) to be included in the register of the entity which has issued securities to you. Information is collected to administer your securityholding and if some or all of the information is not collected then it might not be possible to administer your securityholding. Your personal information may be disclosed to Westpac and others as set out in Section 8.10 of the Prospectus. You can obtain access to your personal information by contacting the Registry on 1300 554 474. The Registry's privacy policy is available on the Registry's website (www.linkmarketservices.com.au). The privacy policy of Westpac is available on Westpac's website (www.westpac.com.au).

CORRECT FORMS OF REGISTRABLE NAME(S)

Note that ONLY legal entities are allowed to hold Westpac Capital Notes. Applications must be in the name(s) of natural persons or companies. At least one full given name and the surname is required for each natural person. The name of the beneficiary or any other non-registrable name may be included by way of an account designation if completed exactly as described in the examples of correct forms of registrable name(s) below.

Type of investor	Correct form of registration	Incorrect form of registration
Individual Use given name(s) in full, not initials	Mrs Katherine Clare Edwards	K C Edwards
Company Use Company's full title, not abbreviations	Liz Biz Pty Ltd	Liz Biz P/L or Liz Biz Co.
Joint holdings Use full and complete names	Mr Peter Paul Tranche & Ms Mary Orlando Tranche	Peter Paul & Mary Tranche
Trusts Use the trustee(s) personal name(s) or company name (in the case of a corporate trustee)	Mrs Alessandra Herbert Smith <Alessandra Smith A/C>, or ABC Pty Ltd <Alessandra Smith A/C>	Alessandra Smith Family Trust
Deceased estates Use the executor(s) personal name(s)	Ms Sophia Garnet Post & Mr Alexander Traverse Post <Est Harold Post A/C>	Estate of late Harold Post or Harold Post Deceased
Minor (a person under the age of 18 years) Use the name of a responsible adult with an appropriate designation	Mrs Sally Hamilton <Henry Hamilton>	Master Henry Hamilton
Partnerships Use the partners' personal names	Mr Frederick Samuel Smith & Mr Samuel Lawrence Smith <Fred Smith & Son A/C>	Fred Smith & Son
Long names	Mr Hugh Adrian John Smith-Jones	Mr Hugh A J Smith Jones
Clubs / Unincorporated bodies / Business names Use office bearer(s) personal name(s)	Mr Alistair Edward Lilley <Vintage Wine Club A/C>	Vintage Wine Club
Superannuation funds Use the name of the trustee of the fund	XYZ Pty Ltd <Super Fund A/C>	XYZ Pty Ltd Superannuation Fund

Put the name(s) of any joint Applicants and/or account description using < > as indicated above in designated spaces at section C on the Broker Firm Application Form.

CORPORATE DIRECTORY

REGISTERED OFFICE OF WESTPAC

Westpac Banking Corporation
Westpac Group Secretariat
Level 20, Westpac Place
275 Kent Street
Sydney NSW 2000

LEGAL AND TAXATION ADVISER TO THE OFFER

Allens
Level 28
Deutsche Bank Place
Corner Hunter & Phillip Streets
Sydney NSW 2000

AUDITOR

PricewaterhouseCoopers
Darling Park Tower 2
201 Sussex Street
Sydney NSW 2000

REGISTRY

Link Market Services Limited
Level 12
680 George Street
Sydney NSW 2000

STRUCTURING ADVISER AND JOINT LEAD MANAGER

Deutsche Bank AG, Sydney Branch
Level 16
Deutsche Bank Place
Corner Hunter & Phillip Streets
Sydney NSW 2000

JOINT LEAD MANAGERS

Westpac Institutional Bank
Level 2, Westpac Place
275 Kent Street
Sydney NSW 2000

ANZ Securities Limited
ANZ Centre Melbourne
Level 9, 833 Collins Street
Docklands VIC 3008

Commonwealth Bank of Australia
Ground Floor, Tower 1
201 Sussex Street
Sydney NSW 2000

Macquarie Capital (Australia) Limited
Level 9
1 Martin Place
Sydney NSW 2000

Morgan Stanley Australia Securities Limited
Level 39, Chifley Tower
2 Chifley Square
Sydney NSW 2000

UBS AG, Australia Branch
Level 16
Chifley Tower
2 Chifley Square
Sydney NSW 2000

HOW TO CONTACT US

Westpac Capital Notes Information Line
1300 133 814 (local call cost within Australia)
(Monday to Friday – 8.30am to 5.30pm, Sydney time)
Website: www.westpac.com.au/investorcentre

For personal use only

For personal use only