

Westpac Capital Notes 4 are being offered in Australia only. The restrictions which apply in relation to the Offer in certain foreign jurisdictions are set out in the Prospectus. This announcement does not constitute an offer of securities for sale in the United States, and Westpac Capital Notes 4 may not be offered or sold in the United States.

ASX ANNOUNCEMENT

17 May 2016

WESTPAC LAUNCHES WESTPAC CAPITAL NOTES 4

Westpac Banking Corporation (“**Westpac**”) today announced the Offer of Westpac Capital Notes 4 (“**Notes**”), a new security which is expected to be quoted on the ASX.

Each Note will have an Issue Price of \$100 and an expected Margin of between 4.90% and 5.10% p.a. above the 90 day bank bill rate. Westpac expects to raise approximately \$750 million from the Offer, with the ability to raise more or less.

The Notes will qualify as Additional Tier 1 Capital under the Australian Prudential Regulation Authority’s (“**APRA**”) Basel III capital adequacy framework and are issued as part of Westpac’s ongoing capital management.

The Offer

The Offer is expected to open on 26 May 2016 and will comprise:

- **Reinvestment Offer:** a priority offer to Eligible Westpac TPS Holders (Westpac TPS holders registered at 7.00pm (Sydney time) on 10 May 2016 and shown on the Register to have an address in Australia);
- **Securityholder Offer:** to Eligible Securityholders (registered holders of Westpac Ordinary Shares, Westpac CPS, Westpac Subordinated Notes 2012, Westpac Subordinated Notes 2013, Westpac Capital Notes, Westpac Capital Notes 2 or Westpac Capital Notes 3 at 7.00pm (Sydney time) on 10 May 2016 and shown on the Register to have an address in Australia);
- **Broker Firm Offer:** to Australian resident retail clients of the Syndicate Brokers; and
- **Institutional Offer:** to Institutional Investors invited by Westpac Institutional Bank.

The Closing Date for the Offer is expected to be 21 June 2016.

There is no general public offer of the Notes.

Key Features of Westpac Capital Notes 4

Distributions	<p>Non-cumulative, floating rate Distributions paid quarterly in arrear. Distributions are expected to be fully franked. The first Distribution is scheduled to be paid on 30 September 2016.</p> <p>Distributions are subject to the satisfaction of the Distribution Payment Conditions, which include that Distributions are at Westpac’s absolute discretion.</p> <p>The Distribution Rate is determined quarterly as the sum of the 90 day Bank Bill Rate per annum plus a fixed Margin per annum, together multiplied by (1 - Tax Rate).</p> <p>The Margin will be determined at the end of the Bookbuild.</p>
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Term	Perpetual with no fixed maturity date. However, Notes may be Converted, Redeemed or Transferred as outlined below.
Scheduled Conversion	Scheduled to Convert into Ordinary Shares on 20 December 2023 (subject to the satisfaction of the Scheduled Conversion Conditions).
Optional Conversion/ Redemption/ Transfer	Westpac may elect to Convert into Ordinary Shares (subject to certain conditions), Redeem (if APRA gives its prior written approval), or Transfer the Notes: <ul style="list-style-type: none"> - on 20 December 2021 (in respect of all or some of the Notes); or - following a Tax Event or Regulatory Event (in respect of all the Notes).
Capital or Non-Viability Trigger Events	Westpac must Convert some or all of the Notes into Ordinary Shares immediately upon a Capital Trigger Event or a Non-Viability Trigger Event. The number of Ordinary Shares that Holders receive in these circumstances is limited to a maximum number (as required by APRA) and Holders may suffer loss as a consequence. If Conversion does not occur for any reason, all rights attaching to the Notes will be terminated and the investment will lose all of its value.
Acquisition Event	Westpac must Convert all of the Notes into Ordinary Shares following an Acquisition Event, subject to certain conditions.
 Holders' right to request early Conversion/ Redemption/ Transfer	Holders have no right to request Conversion, Redemption or Transfer for any reason. To realise their investment, Holders may sell their Notes on the ASX at the prevailing market price.
Risks	There are risks associated with an investment in the Notes, many of which are outside the control of Westpac. These risks and uncertainties include those referred to in the Prospectus, but may not be the only ones Westpac faces.

Reinvestment Offer for Westpac TPS Holders

Today, in accordance with the Westpac TPS Terms, Westpac initiated the redemption of all Westpac TPS and Westpac RE Limited as the issuer of Westpac TPS announced that all Westpac TPS will be redeemed on 30 June 2016.

Under the Reinvestment Offer, Eligible Westpac TPS Holders may elect to have the redemption proceeds of some or all of their Westpac TPS automatically reinvested in Notes. Participation in the Reinvestment Offer is optional.

Applications received under the Reinvestment Offer will be given priority by Westpac. Eligible Westpac TPS Holders who apply to have all of their Westpac TPS reinvested under the Reinvestment Offer may also apply for additional Notes (but priority does not apply to applications for additional Notes).

How to obtain a Prospectus and Apply

The Prospectus was today released to the market on the ASX and is also available at www.westpac.com.au/westpaccapnotes4. Application Forms and a replacement Prospectus containing the Margin will be available when the Offer opens. Please read the Prospectus carefully before deciding whether to apply for Notes.

- **Eligible Westpac TPS Holders** will be mailed a hard copy Prospectus and personalised Reinvestment Application Form after the Offer opens. If you do not receive these documents, call the Westpac Capital Notes 4 Information Line (Monday to Friday, 8.30am to 5.30pm, Sydney time) on **1300 363 136**. In addition, Eligible Westpac TPS Holders may view the Prospectus and apply online (after the Offer opens) using their SRN/HIN at www.westpac.com.au/westpaccapnotes4.
- **Eligible Securityholders** may view the Prospectus and apply online (after the Offer opens) using their SRN/HIN at www.westpac.com.au/westpaccapnotes4. Eligible Securityholders may also request a hard copy of the Prospectus and a personalised Securityholder Application Form either online or by calling the Westpac Capital Notes 4 Information Line (Monday to Friday, 8.30am to 5.30pm, Sydney time) on **1300 363 136**. These documents will not be mailed until the Offer opens.
- **Broker Firm Applicants** should contact their Syndicate Broker for instructions on how to obtain a copy of the Prospectus and apply.

For more information about the Offer

- Read the Prospectus which contains full details of the Offer (including the Reinvestment Offer);
- Visit the Offer website at www.westpac.com.au/westpaccapnotes4;
- Call the Westpac Capital Notes 4 Information Line (Monday to Friday, 8.30am to 5.30pm, Sydney time) on 1300 363 136 (local call cost within Australia); or
- Consult your professional adviser.

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

For further enquiries, please contact:

David Lording
Westpac Media Relations
Ph: 02 8219 8512
Mob: 0419 683 411

Andrew Bowden
Westpac Investor Relations
Ph: 02 8253 4008
Mob: 0438 284 863

Key Dates for the Offer

Record date for determining Eligible Securityholders (7.00pm Sydney time)	10 May 2016
Announcement of Offer and lodgement of the Prospectus with ASIC	17 May 2016
Bookbuild	25 May 2016
Announcement of Margin	25 May 2016
Lodgement of replacement Prospectus with ASIC	26 May 2016
Opening Date	26 May 2016
Closing Date for the Securityholder Offer (5.00pm Sydney time)	21 June 2016
Closing Date for the Broker Firm Offer (5.00pm Sydney time)	21 June 2016
Issue Date of Notes	30 June 2016
Commencement of deferred settlement trading	1 July 2016
Holding Statements dispatched by	5 July 2016
Commencement of normal settlement trading	6 July 2016

Key Dates for the Reinvestment Offer and holders of Westpac TPS

Reinvestment Offer Record Date for determining Eligible Westpac TPS Holders (7.00pm Sydney time)	10 May 2016
Opening Date for the Reinvestment Offer	26 May 2016
Last day of ASX trading in Westpac TPS	10 June 2016
Record date for Final Distribution of Westpac TPS	15 June 2016
Closing Date for the Reinvestment Offer (5.00pm Sydney time)	21 June 2016
Payment date for Final Distribution ¹ of Westpac TPS	30 June 2016
Date of redemption of Westpac TPS	30 June 2016
Issue Date of Notes for the Reinvestment Offer	30 June 2016

Key Dates for Westpac Capital Notes 4

Record Date for first Distribution	22 September 2016
First Distribution Payment Date ²	30 September 2016
Option for Westpac to Convert, Redeem ³ or Transfer the Notes	20 December 2021
Scheduled Conversion Date ⁴	20 December 2023

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.

¹ Subject to satisfaction of the distribution payment test in the Westpac TPS Terms.

² Subject to satisfaction of the Distribution Payment Conditions.

³ Subject to APRA's prior written approval. There can be no certainty that APRA will provide its prior written approval.

⁴ Conversion of the Notes to Ordinary Shares on this date is subject to the satisfaction of the Scheduled Conversion Conditions.