

Westpac Capital Notes 2 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 the Westpac Capital Notes 2 may not be offered or sold in the United States.

ASX ANNOUNCEMENT

7 May 2014

WESTPAC CAPITAL NOTES 2 OFFER

Westpac Banking Corporation (“**Westpac**”) today announced the Offer of Westpac Capital Notes 2 (“**Notes**”), which are expected to be quoted on the ASX.

The Notes are being offered with an Issue Price of \$100 each, to raise approximately \$750 million, 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.

“Westpac’s capital position is strong, with our Common Equity Tier 1 capital ratio of 8.82% leading domestic peers,” said Westpac’s Chief Financial Officer, Peter King. “The issue of Westpac Capital Notes 2 will further strengthen the Group’s overall capital position.”

Details of the Offer

The Offer is expected to open on 15 May 2014 and consists of:

- a Reinvestment Offer – a priority offer to Australian resident holders of Westpac SPS II at 7.00pm (Sydney time) on 30 April 2014 (“**Eligible Westpac SPS II Holders**”);
- a Securityholder Offer – to Australian resident holders of Westpac Ordinary Shares, Westpac TPS, Westpac CPS, Westpac Subordinated Notes 2012, Westpac Subordinated Notes 2013 or Westpac Capital Notes at 7.00pm (Sydney time) on 30 April 2014 (“**Eligible Securityholders**”);
- a Broker Firm Offer – to Australian resident retail clients of the Syndicate Brokers; and
- an Institutional Offer – to certain Institutional Investors invited by Westpac Institutional Bank.

The Closing Date for the Reinvestment Offer is expected to be 5.00pm (Sydney time) on 10 June 2014, and the Closing Date for the Securityholder Offer and the Broker Firm Offer is expected to be 5.00pm (Sydney time) on 12 June 2014.

Key features of Westpac Capital Notes 2

- Notes issued by Westpac Banking Corporation.
- Will pay non-cumulative floating rate Distributions, quarterly in arrear, beginning on 23 September 2014¹. Distributions are expected to be fully franked.
- The Distribution Rate is determined quarterly as the sum of the 90 day Bank Bill Rate plus a fixed Margin, together multiplied by (1 - Tax Rate). The Margin is expected to be in the range of 3.05% to 3.20% per annum and will be determined under the Bookbuild.
- Perpetual and have no fixed maturity date, but are scheduled to Convert into Ordinary Shares on 23 September 2024 (subject to the Scheduled Conversion Conditions).

¹ Distributions are payable quarterly, subject to the satisfaction of the Distribution Payment Conditions, including Westpac’s absolute discretion.

- May, at Westpac's option, be Converted, Redeemed (if APRA gives its prior written approval) or Transferred on 23 September 2022.
- Must also be Converted into Ordinary Shares upon a Capital Trigger Event or a Non-Viability Trigger Event (broadly this is where Westpac suffers severe financial difficulty). The number of Ordinary Shares that Holders receive on a Conversion in these circumstances is subject to a maximum number and Holders are likely to suffer loss as a consequence. If for any reason Conversion is not possible in these circumstances, all rights attaching to the Notes will be terminated and the investment will lose all of its value.
- Will automatically Convert earlier if an Acquisition Event occurs and Westpac may Convert, Redeem or Transfer the Notes if a Tax Event or Regulatory Event occurs, in each case subject to certain conditions.
- Holders have no right to request Conversion, Redemption or Transfer. To realise their investment, Holders may sell their Notes on ASX at the prevailing market price.
- In the event of a Winding Up of Westpac, if the Notes are still on issue (i.e. they have not been Redeemed or Converted), they will rank ahead of Ordinary Shares and equally with other existing Additional Tier 1 Capital Securities of Westpac, but behind the claims of Senior Creditors (including depositors and all holders of Westpac's senior or less subordinated debt). However, the ranking of the Notes will be adversely affected by a Capital Trigger Event or Non-Viability Trigger Event.

The Notes are subject to investment risk, which is set out in more detail in the Prospectus.

Reinvestment Offer for Westpac SPS II Holders

An important element of the Offer is the Reinvestment Offer for Eligible Westpac SPS II Holders. Eligible Westpac SPS II Holders may apply to sell some or all of their Westpac SPS II for \$100 per Westpac SPS II through an On-Market Buy-Back Facility and have the proceeds automatically reinvested in Notes.

Applications received under the Reinvestment Offer will be given priority by Westpac. Participation in the Reinvestment Offer is optional.

Westpac will make a separate announcement today about the Reinvestment Offer.

How to obtain a Prospectus and Apply

The Prospectus for the Offer has been lodged with ASIC and released to the market via the ASX today and is also available at www.westpac.com.au/westpaccapnotes2. A replacement Prospectus containing the Margin will be made available when the Offer opens. Application Forms will also be made available at this time.

- All Eligible Westpac SPS II Holders will be sent a copy of the Prospectus by post with a personalised Reinvestment Form.
- Eligible Securityholders may request a copy of the Prospectus with a personalised Securityholder Application Form online at www.westpac.com.au/westpaccapnotes2 or by calling the Information Line (Monday to Friday, 8.30am to 5.30pm, Sydney time) on **1300 551 547**.
- Broker Firm Applicants should contact their Syndicate Broker for instructions on how to obtain a copy of the Prospectus and Apply.

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

More information

For more information about the Offer please visit the Offer website at www.westpac.com.au/westpaccapnotes2 or call the Information Line (Monday to Friday, 8.30am to 5.30pm, Sydney time) on **1300 551 547** (local call cost within Australia).

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

For media enquiries, please contact:

Samantha Stevens
Westpac Media Relations
Ph: 02 8219 8512
Mob: 0400 693 915

Investor Relations, please contact:

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

Key Dates for Westpac Capital Notes 2

Record date for determining Eligible Securityholders (7.00pm Sydney time)	30 April 2014
Announcement of Offer and lodgement of the Prospectus with ASIC	7 May 2014
Bookbuild	14 May 2014
Announcement of Margin	14 May 2014
Lodgement of replacement Prospectus with ASIC	15 May 2014
Opening Date	15 May 2014
Closing Date for the Reinvestment Offer (5.00pm Sydney time)	10 June 2014
Closing Date for the Securityholder Offer and the Broker Firm Offer (5.00pm Sydney time)	12 June 2014
Issue Date of Notes	23 June 2014
Commencement of deferred settlement trading	24 June 2014
Holding Statements dispatched by	27 June 2014
Commencement of normal settlement trading	30 June 2014
First Distribution Payment Date ¹	23 September 2014
Option for Westpac to Convert, Redeem or Transfer the Notes ²	23 September 2022
Scheduled Conversion Date ³	23 September 2024

¹ Subject to satisfaction of the Distribution Payment Conditions.

² There can be no certainty that APRA will provide its prior written approval for any such Redemption.

³ Conversion of the Notes to Ordinary Shares on this date is subject to the satisfaction of the Scheduled Conversion Conditions.

These dates are indicative only and may change without notice. Westpac and the Joint Lead Managers may, in their absolute discretion, close the Offer early or extend the Offer Period without notice. Westpac may also withdraw the Offer at any time before the Notes are issued.