

Notice of Meeting

Business

1. Financial Reports

To receive and consider the reports of the directors and auditors and the financial reports of Westpac for the year ended 30 September 2001.

2. Election of directors

To consider and, if thought fit, pass the following resolutions as ordinary resolutions:

- (a) "That Mr E.A. Evans, being a director appointed since the last Annual General Meeting and who offers himself for election pursuant to Clause 48 of the Deed of Settlement, be elected as a director of Westpac."
- (b) "That Mr J.B. Fairfax, who retires in accordance with Clause 45 of the Deed of Settlement, be re-elected as a director of Westpac."

3. Chief Executive's Share Option Agreements

To consider, and if thought fit, pass the following resolutions as ordinary resolutions:

- (a) "That under and for the purposes of Rule 10.14 of the Listing Rules of the Australian Stock Exchange Limited, the grant to David Morgan of options to subscribe for up to 2.2 million ordinary shares (or such adjusted number and description of shares as may result from the operation of those options) in the capital of Westpac, as described in the explanatory notes to the notice convening this meeting, and the allotment of that number of shares in respect of which David Morgan has validly exercised those options, be approved."

Votes disregarded

As required by the Listing Rules of the Australian Stock Exchange Limited, Westpac will disregard any votes cast on resolution 3(a) by any director of Westpac or their associates. However, Westpac will not disregard any such vote if it is cast by any director of Westpac or their associates as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or, if it is cast by the Chairman of the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

- (b) "The Chief Executive Option Agreement approved by shareholders in September 1999 be amended by deleting paragraph (b) of clause 5.5.2 and inserting the following in its place:
 - (b) as a consequence of the Officer's retirement on or after 1 March 2004 – the Exercise Period ends on the End Date;

How to get there

Westpac courtesy buses will leave from the following points (and return to them after the meeting). All buses will have a Westpac sign on the front windscreen and Westpac staff will be at each of the points below to help you.

Wynyard Park

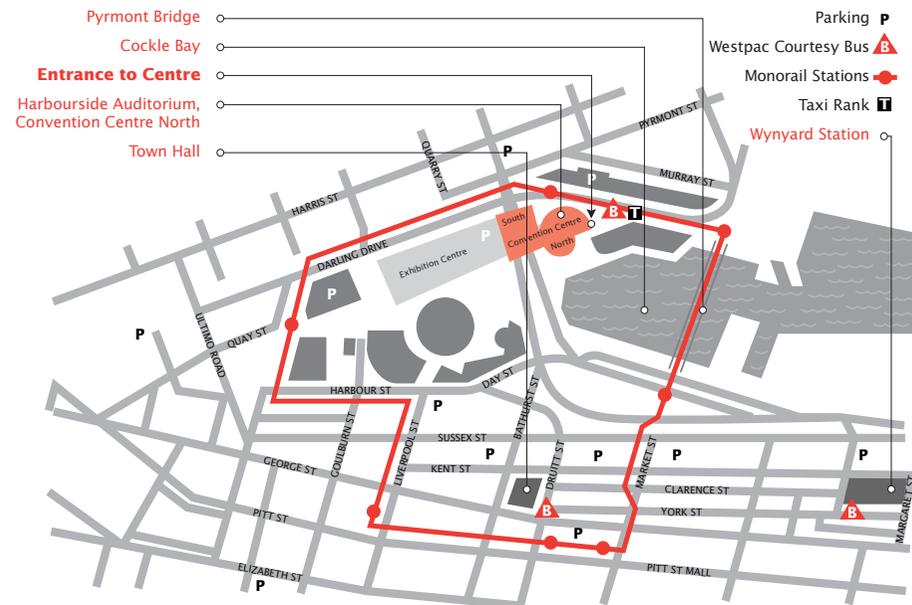
from York Street, near Margaret Street. The first bus will leave at 12.15pm. Buses will then leave from here approximately every 10 minutes until 1.05pm.

Town Hall Station

from Druitt Street (opposite the Queen Victoria Building). The first bus will leave at 12.15pm. Buses will then leave from here approximately every 10 minutes until 1.05pm.

Shareholders are advised to enter the meeting location via the main door at the northern end of the Convention Centre North, as indicated on the map. Westpac courtesy buses will deposit shareholders at this entrance and will depart from the same location at the end of the meeting.

Escalators to transport shareholders to Level 2 are located inside the entrance. The location of the elevators will be clearly signposted. In need please ask one of the Westpac attendants for assistance.



Westpac Banking Corporation

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NSW 2001 Australia
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- (c) as a consequence of the Officer's resignation on or after 1 March 2004 – the Exercise Period ends on the earlier of:
- (i) the End Date; and
 - (ii) the day which is 3 months after the Officer's employment ceases or such later date (being not later than the End Date) as the Board may determine in its absolute discretion; and
- (d) in any other case – the Exercise Period ends on the earlier of the End Date and the day which is 3 months after the Officer's employment ceases."

Votes disregarded

As required by the Listing Rules of the Australian Stock Exchange Limited, Westpac will disregard any votes cast on resolution 3(b) by David Morgan or any of his associates. However, Westpac will not disregard any such vote if it is cast by David Morgan or his associates as proxy for a person who is entitled to vote, in accordance with the directions on the proxy form; or, if it is cast by the Chairman of the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

4. Election of auditors and fixing of auditors' remuneration

To consider and, if thought fit, pass the following resolutions as ordinary resolutions:

- (a) "That, in terms of clause 90 of the Deed of Settlement, Mr R. Chowdry be elected an auditor of Westpac for the ensuing year."
- (b) "That, in terms of clause 90 of the Deed of Settlement, Mr M.J. Codling be elected an auditor of Westpac for the ensuing year."
- (c) "That, in terms of clause 93 of the Deed of Settlement, the directors be and are hereby authorised to fix the remuneration of the auditors."

By order of the board of directors.



I.R. Atlas
Secretary
Sydney, 8 November 2001

Note:

- (1) *A shareholder entitled to attend and vote is entitled to appoint not more than 2 proxies. Where 2 proxies are appointed, each shall be entitled to cast that number of votes (disregarding fractions) which bears the same proportion to the total number of votes which the shareholder could exercise if personally present at the meeting as the number of shares specified in the appointment of such proxy bears to the total number of shares held by the shareholder. A proxy need not be a shareholder. If the proxy is a shareholder, that person is only entitled to one vote on a show of hands. If two proxies are appointed, neither may vote on a show of hands.*
- (2) *To be effective, the instrument appointing a proxy must be received by the Secretary not later than 48 hours before the time for holding the meeting.*
- (3) *Under section 1109N of the Corporations Act 2001, the Board of Directors of Westpac, as convenor of this meeting, has determined that all persons holding shares at 7.00pm on Tuesday, 11 December 2001 will be taken to be shareholders for the purposes of this meeting.*
- (4) *The Deed of Settlement of Westpac is available for inspection at the registered office in Sydney, at the principal office in each other capital city in Australia and at the principal office in each other country where Westpac is represented.*
- (5) *The accompanying explanatory notes form part of this notice of meeting.*

Explanatory notes

(in relation to items of business included in the notice convening the Annual General Meeting).

Item 1: Financial Reports

Receipt and consideration of the reports of the directors and auditors and the financial reports of Westpac for the year ended 30 September 2001.

Item 2: Election of directors

The offices which may be filled by election at the meeting are, first, the office of any director appointed after the last Annual General Meeting and before this meeting and, secondly, the offices of non-executive directors who, in accordance with the Deed of Settlement, retire by rotation at this meeting.

Ted Evans is in the first category. Officers in the second category are John Fairfax, Ian Harper and Eve Mahlab. Mr Harper, while eligible, does not intend to offer himself for re-election as he will shortly reach Westpac's agreed retiring age of 70 for non-executive directors. Mr Harper will retire at the conclusion of the Annual General Meeting. Ms Mahlab has advised that, while eligible, she does not intend to offer herself for re-election and will also retire at the conclusion of the Annual General Meeting.

Each of Mr Evans and Mr Fairfax has given the required notice of candidature and will offer himself for election and re-election respectively. There are no other candidates.

2(a) Election of Mr E.A. Evans

Ted Evans was appointed a director effective 5 November 2001. He has extensive experience in the financial sector, having joined the Australian Treasury in 1969, heading the Fiscal and Monetary Policy Branch in 1980 and the General Financial and Economic Policy Division in 1982. From 1984 to 1989 he held the position of Deputy Secretary and was Secretary to the Treasury from 1993 to April 2001. From 1976 to 1979 he was a member of the Australian Permanent Delegation to the OECD in Paris and, from 1989 to 1993, Executive Director on the Board of the International Monetary Fund, representing Australia and a number of other countries, mainly in the Asia Pacific region. He was a director of the Commonwealth Bank of Australia from 1993 to 1996 and the Reserve Bank of Australia from 1993 to April 2001.

2(b) Re-election of Mr J.B. Fairfax

John Fairfax has been a director of Westpac since 1996. He has considerable understanding of the financial services needs of the commercial and rural sectors and of the impact of production and information technology on industry strategy. He has extensive experience in the media industry and takes an active interest in community organisations including the Royal Agricultural Society of NSW. He is Chairman of Cambooya Investments Limited and Rural Press Limited and a director of Crane Group Limited.

The board recommends that shareholders vote in favour of resolutions 2(a) and 2(b).

Item 3: Chief Executive's Share Option Agreements

3(a) New Options

Overview

David Morgan became Westpac's Managing Director and Chief Executive Officer on 1 March 1999.

The Board proposes to grant Dr Morgan share options that take effect from 1 March 2002 and 1 March 2003 respectively. No consideration will be payable by Dr Morgan in respect of the grant of these options. The price per share payable by Dr Morgan upon exercise of the options will be fixed at the time the options are granted – see below under **Exercise Price**. The terms of Dr Morgan's share options have been developed, as were those granted under the Chief Executive Share Option Agreement approved by shareholders at the Special General Meeting in September 1999 (**1999 Option Agreement**), with careful regard to market practice in executive management employee share schemes. The terms tie the vesting of shares to overall performance hurdles based on shareholder return. This aligns senior executive performance with shareholder interest.

Consistent with this approach, the Board has agreed to make further share options available to Dr Morgan, subject to shareholders' approval. If approved, the options will be issued on or about 1 March 2002 and 1 March 2003 respectively, and in any event no later than three years after this Annual General Meeting. Details of any securities issued under the proposed Chief Executive Share Option Agreement (**2001 Option Agreement**) will be published in each annual report of Westpac relating to the period in which those securities were issued, and that approval for the issue was obtained under the Australian Stock Exchange Limited's (**ASX**) Listing Rule 10.14. No securities have been issued under the 2001 Option Agreement.

In contrast to other forms of performance incentive, Westpac does not need to make any cash outlay to provide this incentive to Dr Morgan. He will be given an opportunity to invest his own money in Westpac shares at a predetermined price and any financial benefit to him can only come from an increase in share value, a benefit shared by all shareholders.

No other director or their associate is entitled to participate in the employee incentive scheme constituted by the 2001 Option Agreement. If any other person becomes entitled to participate in this scheme after it has been approved by shareholders, they will not participate until after further shareholder approval has been obtained.

A more detailed description of the terms of the share options is set out below. A full copy of the proposed 2001 Option Agreement is available on Westpac's internet site www.westpac.com.au (investor information on the "Westpac Info" tab) or a copy may be obtained by telephoning (02) 9226-4060.

Nature of Option Grant

Westpac will grant Dr Morgan options over two million two hundred thousand (2,200,000) Westpac ordinary shares. Both the number of shares and pricing are subject to adjustment in certain circumstances, as set out below under **Adjustments for Capital Changes**.

The two options will have the following features:

First Option

- 1,100,000 shares
- Commencement of Performance Period: 1 March 2002
- First Eligible Date for Vesting: 1 March 2005
- Last Date for Exercising Rights: 29 February 2012

Second Option

- 1,100,000 shares
- Commencement of Performance Period: 1 March 2003
- First Eligible Date for Vesting: 1 March 2006
- Last Date for Exercising Rights: 28 February 2013

Performance Hurdles

Both options will have the existing 1999 Option Agreement performance hurdles attached to them, unless, in relation to the second option, the Board determines alternative hurdles. These performance hurdles will apply in respect of each option for the **performance period** (see below). The performance hurdles for the first option compare the total shareholder returns received by Westpac shareholders against those received by shareholders of a peer group over the performance period. The peer group will be the 50 largest (by market capitalisation) industrial companies listed on the ASX at the time of the commencement of each performance period.

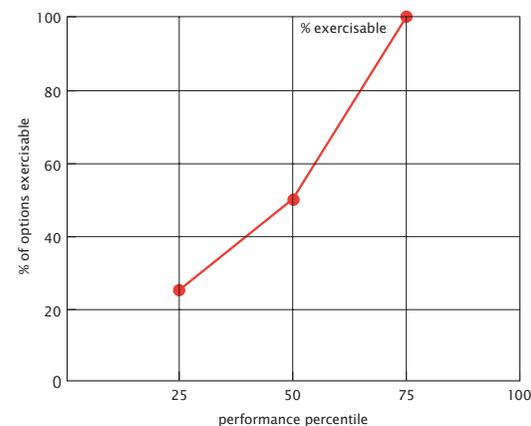
The extent to which the performance hurdles have been achieved at the end of a performance period will determine the number of shares in respect of which an option may be exercisable by Dr Morgan.

The performance hurdles can be summarised as follows:

- where Westpac's total shareholder return (**TSR**) (being the movement in share price plus accumulated dividends) is equal to or exceeds the TSR of 75% of the peer group over the performance period, the option will be exercisable in respect of 100% of the shares;
- where Westpac's TSR is equal to the TSR of 50% of the peer group over the performance period, the option will be exercisable in respect of 50% of the shares;
- where Westpac's TSR is equal to the TSR of 25% of the peer group over the performance period, the option will be exercisable in respect of 25% of the shares; and
- where Westpac's TSR is below the TSR of the bottom 25% of the peer group over the performance period, the option will not be exercisable.

For each percentage improvement in the relative TSR of Westpac above 25% and up to 50% of the peer group, an additional 1% of the shares the subject of that option will be exercisable. For each percentage improvement in the relative TSR of Westpac above 50% and up to 75% of the peer group, an additional 2% of the shares will be exercisable.

The performance scale is illustrated below.



At the end of a performance period, the Board will decide if, and to what extent, the performance hurdles (in relation to that option) have been satisfied, and calculate the number of shares (if any) in respect of which that option is exercisable.

The option will then be exercisable in respect of the appropriate proportion of shares the subject of that option, at the discretion of Dr Morgan, at any time within the remaining term of the option (subject to a minimum parcel of 50,000 shares). Alternatively, following the Board's determination, Dr Morgan may elect to extend the performance period for a further 12 months (up to a maximum of two 12 month extensions).

Performance Period

The performance period for each option is three years, commencing on 1 March 2002 and 1 March 2003 respectively. The TSR will be calculated over this three year period. However, as with the 1999 Option Agreement, Dr Morgan may elect to have the TSR calculation made over a four or a five year period. This feature allows for flexibility and fairness in the setting of a suitably long term performance comparison.

Exercise Price

The exercise price in respect of the options will be the weighted average price of all Westpac ordinary shares traded on the ASX, during the one week period immediately preceding 1 March 2002 (first option) and 1 March 2003 (second option) respectively. Westpac will not lend any part of the exercise price to Dr Morgan or his estate to facilitate exercise of the options.

Term of Options

The options will have a ten year life, but will not be eligible for exercise unless the performance hurdles are met, except in the limited circumstances set out below.

Exercising of Options

Once the Board has determined the number of shares in respect of which an option may be exercised (**vested shares**), Dr Morgan may, while he remains an executive officer of Westpac, exercise that option in respect of the vested shares at any time up to the last day (**End Date**) of the 10 year term (**Exercise Period**) of the option.

Effect of cessation of employment or change in status or duties during Exercise Period

If, during the Exercise Period of an option:

- (A) (i) there is a material adverse change in Dr Morgan's authority or status or his responsibilities are materially diminished; or
- (ii) the duties assigned to Dr Morgan by the Board change or are such that they are no longer consistent with the role of Chief Executive Officer or Managing Director,

Dr Morgan may exercise that option at any time through to the End Date; or

- (B) Dr Morgan ceases to be an employee in an executive position as a consequence of:
 - (i) his employment being terminated by the Board for other than serious misconduct;
 - (ii) his death or total and permanent disablement; or
 - (iii) his retirement,

he may exercise that option at any time from the date on which he so ceases to be such an employee through to the earlier of the End Date and the fifth anniversary of the date of cessation of employment or such later date (being not later than the End Date) as the Board may determine; or

- (C) Dr Morgan resigns, he may exercise that option at any time during the period commencing on the date his resignation takes effect and ending on the day which is three months after that day, or such later date (being not later than the End Date) as the Board may determine; or
- (D) Dr Morgan ceases to be an employee in an executive position for any reason not contemplated by paragraphs (B) and (C) above, the exercise period in respect of that option ends on the earlier of the End Date and the date that is three months after the date on which his employment so ceases.

Effect of cessation of employment or change in status or duties prior to the commencement of the Exercise Period

If, within the period of one year from the date the options are granted, Dr Morgan's employment ceases as a result of total and permanent disablement, his retirement with the consent of the Board or his death or if, prior to the first day of the Exercise Period, he resigns, the Board may permit him (or his estate) to exercise the options (in whole or in part), notwithstanding that the conditions of exercise (including the performance hurdles) have not been satisfied.

If, during the period on and from the first anniversary of the date on which the options are granted up to the first day of the Exercise Period of each option, Dr Morgan's employment ceases as a result of total and permanent disablement, his retirement with the consent of the Board or his death, he (or his estate) will be entitled to exercise those options, subject to the conditions of exercise (including the performance hurdles) being met at any time during the period commencing on the first day of the Exercise Period and ending on the earlier of the End Date and the fifth anniversary of the date on which his employment ceased or such later date (being not later than the End Date) as the Board may determine.

If, prior to the first day of the Exercise Period of an option:

- (i) Dr Morgan's employment is terminated by the Board for other than serious misconduct; or
- (ii) there is a material adverse change in Dr Morgan's authority or status or his responsibilities are materially diminished; or
- (iii) the duties assigned to Dr Morgan by the Board change or are such that they are no longer consistent with the role of Chief Executive Officer or Managing Director,

Dr Morgan will be entitled to immediately exercise the options at any time through to the End Date, notwithstanding that the conditions of exercise (including the performance hurdles) have not been met.

Adjustments for Capital Changes

If there is any reconstruction or alteration to Westpac's capital during the life of the options, the options' terms (including the exercise price) will be adjusted to reflect the effects of that event. The options will not entitle Dr. Morgan to participate in rights or bonus issues, but any such issues will result in adjustments to the exercise price (in the case of a rights issue) or to the number of shares the subject of the options (in the case of a bonus issue), in accordance with the ASX Listing Rules.

Non-Transferable or Assignable

The options will be exercisable only by Dr Morgan (or his legal personal representative in the event of his death).

Other Westpac employee equity plans

In the absence of shareholder approval, Dr Morgan will not be permitted to receive a grant of options or shares under any of Westpac's other employee equity plans. Option or share grants made to Dr Morgan under any such plan prior to 1 March 1999 are not affected by this restriction.

If passed, the proposed resolution will approve both the grant of the options to Dr Morgan and the allotment of shares to him as a consequence of his exercising his options.

3(b) – Amendment to 1999 Option Agreement

Background

Shareholders' approval is sought for an amendment to the 1999 Chief Executive Share Option Agreement between Westpac and Dr Morgan (**1999 Option Agreement**). The 1999 Option Agreement was approved by shareholders at Westpac's Special General Meeting held on 2 September 1999.

Amendments proposed to 1999 Option Agreement

Under the 1999 Option Agreement, if Dr Morgan retires or resigns from Westpac, he has only 3 months to exercise those options in respect of shares that have already vested under the agreement. The resolution being proposed to shareholders, if passed, will permit Dr Morgan, if he retires from Westpac on or after 1 March 2004, to exercise his options in respect of shares **that have already vested** up to and including 1 March 2009 (**End Date**). If he resigns from Westpac on or after 1 March 2004, he will have 3 months in which to exercise his options in respect of shares **that have already vested**, unless the Board exercises its discretion to extend the exercise period up to and including 1 March 2009. The earliest that any shares under the options can vest is April 2002, in respect of the first option, and April 2003 and April 2004 in relation to the second and third options respectively.

It is proposed to amend existing clause 5.5.2 by adding new sub-clauses (b) and (c) and re-lettering sub-clause (b) as sub-clause (d). The amended clause follows, with the changes underlined:

"Other than as contemplated in clause 5.2.2, if the Officer ceases to be an employee of the Bank in an executive position on or after the First Exercise Date in respect of an Option:

- (a) as a consequence of the death or total and permanent disablement of the Officer – the Exercise Period shall end on the earlier of the End Date and the day which is 12 months after the Officer's employment ceases;
- (b) as a consequence of the Officer's retirement on or after 1 March 2004 – the Exercise Period ends on the End Date;

- (c) as a consequence of the Officer's resignation on or after 1 March 2004 – the Exercise Period ends on the earlier of:
 - (i) the End Date; and
 - (ii) the day which is 3 months after the Officer's employment ceases or such later date (being not later than the End Date) as the Board may determine in its absolute discretion; and
- (d) in any other case – the Exercise Period ends on the earlier of the End Date and the day which is 3 months after the Officer's employment ceases."

Basis for proposed amendment

The 1999 Option Agreement entitles Dr Morgan to exercise his options if he is demoted or terminated by the Board (other than for serious misconduct) up to and including 1 March 2009. The amendment proposed will permit the exercise of vested options upon his retirement after 1 March 2004 for a period which is consistent with this existing right. In the case of resignation after 1 March 2004, the Board may exercise its discretion to extend the exercise period up to and including 1 March 2009. The Board is of the view that the inconsistency between the exercise periods under the existing provision is an unfair restraint on Dr Morgan's ability to deal with his options once they have vested. The options form a significant portion of Dr Morgan's remuneration and the limited period to exercise them deprives him of flexibility in dealing with remuneration which he has already earned as a result of satisfying the relevant performance requirements.

The Board also considers that amendment is necessary to reflect the intention of the Board and Dr Morgan in relation to the original grant of options in 1999, which was not reflected in the 1999 Option Agreement.

ASX Waiver

Listing Rule 6.23 prohibits a change to increase the period of exercise of an option. Westpac has obtained a waiver from the Australian Stock Exchange Limited in relation to that aspect of Listing Rule 6.23. The waiver permits Westpac to seek shareholder approval to amend the terms of the options issued to Dr Morgan in 1999 to allow them to be exercisable at any time up to 1 March 2009 if he resigns or retires.

The board recommends that shareholders vote in favour of resolutions 3(a) and 3(b).

Item 4: Election of auditors and fixing of auditors' remuneration

The current auditors, Mr. R. Chowdry and Mr M.J. Codling, members of the firm of PricewaterhouseCoopers, will offer themselves for re-election. They have given to Westpac the necessary notice of consent to act as auditors. They have also been duly nominated and the copy of the notice of nomination following is furnished as required by the Corporations Act 2001. In accordance with clause 93 of the Deed of Settlement, shareholder authority is sought to allow the directors to determine the annual sum to be paid to the auditors for their services.

The board recommends that shareholders vote in favour of resolutions 4(a), 4(b) and 4(c).

To: Westpac Banking Corporation

Queensland Investment Corporation, being a member of Westpac Banking Corporation, nominates Rahoul Chowdry and Michael John Codling for election as auditors of Westpac Banking Corporation at its next annual general meeting.

Dated this 4th day of October 2001

"The Official Seal of Queensland Investment Corporation was affixed by Andrew Robert Arkell in accordance with the provisions of Section 12 of the Queensland Investment Corporation Act 1991".

Signing Officer 1: PETER FORBES

Signing Officer 2: ANDREW ARKELL