



The Westpac SPS II are being offered in Australia. This media release does not constitute an offer of securities for sale in the United States, and the Westpac SPS II may not be offered or sold in the United States.

Media Release

20 February 2009

Westpac announces a new Tier 1 hybrid offer

Westpac Banking Corporation today announced the launch of a new Tier 1 hybrid security to be known as Westpac Stapled Preferred Securities II ("Westpac SPS II") which is expected to be listed on ASX.

The Westpac SPS II offer seeks to raise approximately A\$500 million, with the ability to raise a greater or lesser amount.

The issue of Westpac SPS II will more effectively utilise Westpac's hybrid capacity following the redemption of the St.George Hybrids, expected to be on 31 March 2009.

Westpac's Chief Financial Officer, Phil Coffey, said "Westpac SPS II will add to Westpac's capital resources and enhance its balance sheet flexibility."

The Westpac SPS II securities qualify as non-innovative residual Tier 1 capital and have a similar structure to the Westpac SPS securities (ASX code: WBCPA) issued in July 2008.

Westpac SPS II are stapled securities, consisting of a note issued by Westpac's New York branch stapled to a preference share issued by Westpac, and are expected to be rated 'A+' by Standard & Poor's and 'Aa3' by Moody's. Westpac SPS II have an issue price of A\$100 each.

Holders of Westpac SPS II will receive preferred, non-cumulative, floating rate distributions, which are scheduled to be paid quarterly, subject to a distribution payment test. Distributions are expected to be fully franked and determined quarterly based on the formula (90 day Bank Bill Rate¹ + Margin) x (1-Tax Rate). The Margin is expected to be between 3.70% and 4.00% per annum and will be set following a bookbuild.

An important feature of the offer is that it will be made to eligible holders of St.George SPS, CPS and CPS II ("St.George Hybrids") with the issue of the Westpac SPS II coinciding with the expected redemption of the St.George Hybrids. St.George Hybrid holders can elect to receive their redemption proceeds in cash or reinvest them into Westpac SPS II. Eligible holders of St.George Hybrids will be entitled to a one-for-one guaranteed allocation if they choose to reinvest their redemption proceeds in the new Westpac security.

Eligible former holders of St.George SAINTS will also have the opportunity to participate in the offer and be entitled to a one-for-one guaranteed allocation if they choose to invest in Westpac SPS II.

Eligible St.George Hybrid holders and eligible former holders of St.George SAINTS will also receive a guaranteed allocation if they decide to apply through their syndicate broker.

Eligible Westpac ordinary shareholders and eligible holders of Westpac hybrid securities (Westpac TPS and Westpac SPS), will also be able to participate in the offer. A broker firm offer will also be available for Australian retail clients of syndicate brokers.

The Westpac SPS II offer is expected to open on 2 March 2009 and will be made via a prospectus, which has been lodged with the Australian Securities and Investments Commission ("ASIC") today and is available for download at www.westpac.com.au/investorcentre.

¹ The 90 day Bank Bill Rate on 16 February 2009 was 3.0833%.



Further Information

For further detail on the offer call the Westpac SPS II Information Line on 1300 551 909.

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More information about Westpac SPS II

Distributions

- Distributions will be calculated each quarter as (90 day Bank Bill Rate + Margin) x (1-Tax Rate) and the Margin is expected be within the range of 3.70%-4.00% per annum.
- Distributions are expected to be fully franked and accordingly holders are expected to receive cash distributions and franking credits.
- As an example:
 - if the potential value of the franking credits is taken into account in full; and
 - the 90 day Bank Bill Rate on the issue date was 3.0833% per annum (the rate as at 16 February 2009); and
 - the Margin was set at 3.75% per annum,the distribution rate would be calculated as 4.7833% per annum, which would be equivalent to an unfranked distribution rate of 6.8333% per annum.
- The potential value of the franking credits does not accrue at the same time as holders receive the cash distributions and a holder's ability to use franking credits will depend on individual tax positions.

Conversion features

- On 30 September 2014 Westpac SPS II are expected to either:
 - convert into Westpac ordinary shares, subject to conversion conditions being satisfied; or
 - be transferred to a nominated third party at the election of Westpac for A\$100 each.
- Westpac SPS II may be Converted, Transferred or Redeemed in certain other circumstances.

Eligible participants

Eligible security holders include:

- Registered holders of one or more of St.George SPS, CPS and CPS II, on or after the record date of 20 February 2009, shown on the register to have a registered address in Australia;
- Registered holders of St.George SAINTS on 1 December 2008, shown on the register to have a registered address in Australia; and
- Registered holders of Westpac ordinary shares, Westpac SPS or Westpac TPS on the record date of 13 February 2009, shown on the register to have a registered address in Australia.

Australian resident clients of syndicate brokers as well as certain institutional investors may also participate.



Additional information

- Full details of the offer are contained in the prospectus, which is available at www.westpac.com.au/investorcentre. Investors should consider the prospectus in full before deciding whether to invest in Westpac SPS II. Investors who wish to acquire Westpac SPS II will need to complete the application form that will be in, or will accompany the prospectus.
- Eligible securityholders can register to receive a prospectus by calling the Westpac SPS II Information Line on 1300 551 909 or by registering online at www.westpac.com.au/investorcentre.
- Eligible holders of St.George Hybrids and eligible former St.George SAINTS holders need not register as they will automatically receive a copy of the prospectus and a personalised application form. The prospectus and personalised application form are expected to be mailed on 2 March 2009.
- Broker firm applicants should contact their syndicate broker for instructions on how to register their interest.

Key Dates² for Westpac SPS II

Announcement of offer and lodgement of the prospectus with ASIC	20 February 2009
Bookbuild	26 February 2009
Announcement of margin	By 27 February 2009
Lodgement of replacement prospectus with ASIC	2 March 2009
Opening date for the offer	2 March 2009
Closing date for the reinvestment offer, SAINTS offer, securityholder offer and broker firm applicants reinvesting St.George Hybrid redemption proceeds	5:00pm (Sydney Time), 23 March 2009
Closing date for the broker firm offer (except for broker firm applicants reinvesting St.George Hybrid redemption proceeds)	10:00am (Sydney Time) 27 March 2009
Issue date and St.George Hybrid redemption date ³	31 March 2009
Initial mandatory conversion date ⁴	30 September 2014

Ends.

² Dates are indicative only and are subject to change

³ Westpac expects St.George to reserve the right to change the redemption date

⁴ Conversion of Westpac SPS II to Westpac ordinary shares on this date is subject to conversion conditions (see the Westpac SPS II prospectus Section 1.7.4)