
WESTPAC **SUBORDINATED** **NOTES**

INFORMATION MEMORANDUM

ISSUER

Westpac Banking Corporation
ABN 33 007 457 141

DATE OF THIS INFORMATION MEMORANDUM

23 July 2012

JOINT LEAD MANAGERS

Westpac Institutional Bank
ANZ Securities Limited
Deutsche Bank
J.P. Morgan
UBS

CO-MANAGERS

Bell Potter
Ord Minnett

ONLINE MANAGER

Westpac Online Investing

IMPORTANT NOTICES

ABOUT THIS INFORMATION MEMORANDUM

This Information Memorandum relates to the offer (**Offer**) by Westpac Banking Corporation (**Westpac**) of Westpac Subordinated Notes due 23 August 2022 (**Westpac Subordinated Notes**), each being a fully paid, registered, unsecured and subordinated debt obligation of Westpac with a Face Value of \$100 per Westpac Subordinated Note. This Information Memorandum is dated 23 July 2012 and a copy of this Information Memorandum was lodged with the Australian Securities Exchange operated by ASX Limited (ABN 98 008 624 691) (**ASX**) on that date. This is a replacement Information Memorandum which replaces the information memorandum dated 16 July 2012 and lodged with ASX on that date (**Initial Information Memorandum**).

Section 708(19) of the Corporations Act provides that an offer of debentures for issue or sale does not need disclosure to investors under Part 6D.2 of the Corporations Act if the issuer is an Australian authorised deposit-taking institution (**ADI**) such as Westpac.

As Westpac Subordinated Notes are “debentures” within the meaning of Section 9 of the Corporations Act, this Information Memorandum is not a prospectus or other disclosure document for the purposes of Part 6D.2 of the Corporations Act and neither this Information Memorandum nor any other disclosure document in relation to Westpac Subordinated Notes has been lodged with the Australian Securities and Investments Commission (**ASIC**) or any other government agency. Neither ASIC nor ASX takes any responsibility for the contents of this Information Memorandum or the Offer to which it relates.

In addition, no trustee has been appointed to act on behalf of Holders of Westpac Subordinated Notes under Chapter 2L of the Corporations Act.

WESTPAC SUBORDINATED NOTES ARE NOT DEPOSIT LIABILITIES OF WESTPAC, ARE NOT PROTECTED ACCOUNTS AND ARE NOT GUARANTEED

Westpac Subordinated Notes are not:

- deposits with, nor deposit liabilities of, Westpac;
- protected accounts for the purposes of the depositor protection provisions of the Banking Act or of the Financial Claims Scheme established under the Banking Act; nor
- guaranteed or insured by the Australian Government or under any compensation scheme of the Australian Government, or by any other government, under any other compensation scheme or by any government agency or any other party.

Westpac Subordinated Notes are issued by Westpac under the Conditions and Holders have no claim on Westpac except as provided in those Conditions. The Westpac Subordinated Notes are not guaranteed by any member of the Westpac Group.

WESTPAC SUBORDINATED NOTES ARE UNSECURED AND SUBORDINATED

Westpac Subordinated Notes constitute direct and unsecured subordinated obligations of Westpac and rank equally without any preference among themselves and, in a Winding-Up, rank at least equally with all other unsecured Subordinated Indebtedness of Westpac having a fixed maturity date. In a Winding-Up of Westpac, there is a risk that you may lose some or all of your investment in Westpac Subordinated Notes. If there are insufficient assets to satisfy securities and obligations ranking ahead of, or equally with, Westpac Subordinated Notes, you may not be repaid any or all of the Face Value and may not receive any or all of the interest payments due and unpaid at that time.

RESPONSIBILITY

This Information Memorandum has been prepared by, and is issued with, the authority of Westpac. Westpac accepts responsibility for the information contained in this Information Memorandum. ASX takes no responsibility for the contents of this Information Memorandum nor for the merits of investing in Westpac Subordinated Notes.

DIAGRAMS AND DEFINED WORDS AND EXPRESSIONS

The diagrams used in this Information Memorandum are illustrative only. They may not necessarily be shown to scale. The diagrams are based on information which is current as at the date shown.

Some words and expressions used in this Information Memorandum are capitalised as they have defined meanings. The Glossary in Appendix B defines these

words and expressions. The definitions specific to Westpac Subordinated Notes are in Condition 9.2 of the Conditions in Appendix A. If there is any inconsistency in definitions between those in the Information Memorandum and the Conditions, the definitions in the Conditions prevail.

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

This Information Memorandum and the contracts which arise on acceptance of the Application Forms are governed by the law applicable in New South Wales, Australia.

ASX AND ASIC GUIDES

If you do not understand all or some of the concepts and risks discussed in this Information Memorandum, you should read:

- the investor guide published by ASIC for retail investors in corporate bonds, *Investing in corporate bonds?* A free copy is available from: <https://www.moneysmart.gov.au/investing/investments-paying-interest/bonds> or by phoning 1300 300 630; and
- the ASX's guide *Understanding Interest Rate Securities*, which is available from: www.asx.com.au/products/pdf/understanding_asx_interest_rate_securities.pdf

These guides apply to a range of different types of corporate bonds (and other debentures) and to interest rate securities generally. Neither guide specifically considers investing in unsecured and subordinated debt obligations issued by an ADI such as Westpac.

ASX QUOTATION AND ISSUE DATE

Westpac has applied for Westpac Subordinated Notes to be quoted on ASX under code WBCHA. Quotation of Westpac Subordinated Notes is not guaranteed. See Section 2.8 for further information.

PROVIDING PERSONAL INFORMATION

You will be asked to provide personal information to Westpac (directly or via its agents) if you apply for Westpac Subordinated Notes. See Section 2.12 for information on how Westpac (and its agents) collect, hold and use this personal information.

RESTRICTIONS IN FOREIGN JURISDICTIONS

Westpac Subordinated Notes are being offered in Australia and in certain foreign jurisdictions subject to various restrictions. For details on the restrictions in foreign jurisdictions see Section 2.13.

However, no action has been taken to register or qualify Westpac Subordinated Notes or the Offer, or to permit a public offering of Westpac Subordinated Notes or the distribution of this Information Memorandum (including an electronic copy), in any jurisdiction outside Australia. Westpac Subordinated Notes have not been, and will not be, registered under the United States Securities Act of 1933, as amended, (**US Securities Act**) and may not be offered, sold, delivered or transferred within the United States or to, or for the account or benefit of, US Persons (as defined in Regulation S under the US Securities Act). Neither this Information Memorandum nor any Application Form or other materials relating to the Offer may be distributed in the United States.

NO REPRESENTATIONS OTHER THAN IN THIS INFORMATION MEMORANDUM

You should rely only on information in this Information Memorandum. No person has been authorised by Westpac to give any information or to make any representation which is not contained in, or is not consistent with, the information in this Information Memorandum in connection with Westpac, the Westpac Group or the issue or sale of Westpac Subordinated Notes and, if given or made, such information or representation must not be relied upon as having been authorised by Westpac.

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

None of any of the Joint Lead Managers, King & Wood Mallesons or the Registrar has made any statement that is included in this Information Memorandum or any statement on which a statement in this Information Memorandum is based. Each of those parties expressly disclaims all liability in respect of, makes no representations regarding, and takes no responsibility for, any statements in, or omissions from, this Information Memorandum.

THIS INFORMATION MEMORANDUM DOES NOT PROVIDE FINANCIAL PRODUCT OR INVESTMENT ADVICE – YOU SHOULD SEEK YOUR OWN PROFESSIONAL INVESTMENT ADVICE

This Information Memorandum does not provide financial product or investment advice and does not take into account any particular needs (including financial and taxation) of an individual investor. It is important that you read all the information in this Information Memorandum carefully before deciding whether to apply for Westpac Subordinated Notes.

APPLICATIONS FOR WESTPAC SUBORDINATED NOTES

Applications for Westpac Subordinated Notes under this Information Memorandum may only be made during the Offer Period, on an Application Form attached to or accompanying this Information Memorandum or, in the case of Eligible Securityholders, also by an online Application. The Application Form should not be passed on to another person unless it is attached to a printed copy of this Information Memorandum or contained in the complete and unaltered electronic version of this Information Memorandum. You should read this Information Memorandum in its entirety before deciding to apply for Westpac Subordinated Notes. If, after reading this Information Memorandum, 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 Westpac Subordinated Notes under the Offer and how to make an Application – see Section 2 “Application Information”.

NO WITHDRAWAL OF APPLICATION

You cannot withdraw your Application once it has been lodged, except as permitted by law.

ELECTRONIC ACCESS

The following conditions apply if this Information Memorandum is accessed electronically:

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

REFUNDS

If you are allocated less than the number of Westpac Subordinated Notes that you applied for, you will receive a refund cheque for all, or the relevant portion of, your Application Payment 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 SUBORDINATED NOTES

It is your responsibility to determine your Allocation before trading in Westpac Subordinated Notes to avoid the risk of selling Westpac Subordinated Notes you do not own. To assist you in determining your Allocation before the receipt of your Holding Statement, you may call the Westpac Subordinated Notes Information Line on 1300 551 472 (local call cost within Australia) or +61 2 8280 7706 (international) (if you are an Eligible Securityholder) or contact your Syndicate Broker (if you are a Broker Firm Applicant). If you sell Westpac Subordinated Notes before you receive confirmation of your Allocation, you do so at your own risk.

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 Westpac Subordinated Notes is available on request.

ENQUIRIES

If you have any questions in relation to the Offer or Westpac Subordinated Notes, please call the **Westpac Subordinated Notes Information Line on 1300 551 472 (local call cost within Australia) or +61 2 8280 7706 (international) (Monday to Friday – 8.30am to 5.30pm)** or contact your professional adviser.

TABLE OF CONTENTS

Important Notices	Inside front cover
Key Dates for the Offer and Westpac Subordinated Notes	2
Key Steps for Applying for Westpac Subordinated Notes	3
Section 1 Summary of Westpac Subordinated Notes	4
Section 2 Application Information	19
Section 3 About Westpac	28
Section 4 Key Risks	32
Section 5 Australian Taxation	45
Appendix A Conditions of Westpac Subordinated Notes	Appendix A
Appendix B Glossary	Appendix B
Broker Firm Application Form	
Corporate Directory	Inside back cover

KEY DATES FOR THE OFFER AND WESTPAC SUBORDINATED NOTES

Record date for determining Eligible Securityholders	9 July 2012 (7.00pm, Sydney time)
Announcement of Offer and issue of Initial Information Memorandum	16 July 2012
Bookbuild and announcement of Margin	20 July 2012
Issue of this Information Memorandum	23 July 2012
Opening Date for the Offer	23 July 2012
Closing Date for the Securityholder Offer	16 August 2012 (5.00pm, Sydney time)
Closing Date for the Broker Firm Offer	22 August 2012 (10.00am, Sydney time)
Issue Date	23 August 2012
Commencement of deferred settlement trading	24 August 2012
Holding Statements despatched by	30 August 2012
Commencement of trading on a normal settlement basis	31 August 2012
Record Date for first interest payment	15 November 2012
First Interest Payment Date ¹	23 November 2012
First optional Redemption Date ²	23 August 2017
Maturity Date	23 August 2022

Dates May Change

These dates are indicative only and may change. Westpac and the Joint Lead Managers may agree to change the timetable, including extending the Closing Date, closing the Offer early without notice, or withdrawing the Offer at any time before Westpac Subordinated Notes are issued. Accordingly, if you wish to apply for Westpac Subordinated Notes, you are encouraged to do so as soon as possible after the Opening Date.

Where relevant, the key dates above assume that the Issue Date will be 23 August 2012.

Note:

- ¹ Interest in respect of a Westpac Subordinated Note is payable quarterly in arrear on 23 February, 23 May, 23 August and 23 November of each year, commencing on 23 November 2012 (in each case assuming the Issue Date will be 23 August 2012) to and including the Maturity Date or any earlier Redemption Date. If any of these scheduled dates are not Business Days, then the payment will occur on the following Business Day.
- ² The first optional Redemption Date will be 23 August 2017, subject to APRA's prior written consent. There can be no certainty that APRA will provide its consent in respect of any early redemption.

KEY STEPS FOR APPLYING FOR WESTPAC SUBORDINATED NOTES

Read this Information Memorandum	<p>Read this Information Memorandum in full, paying particular attention to:</p> <ul style="list-style-type: none">• key features of Westpac Subordinated Notes in Section 1;• information on how Westpac Subordinated Notes are different from term deposits and Westpac CPS, and the ranking of Westpac Subordinated Notes in Section 1;• summary of the Deed Poll in Section 1.6;• key risks in Section 4; and• the Conditions in Appendix A.
Consider and consult	<p>You should carefully consider all risks and other information in this Information Memorandum in light of your investment objectives, financial situation and particular circumstances, including:</p> <ul style="list-style-type: none">• the Conditions;• the financial condition, affairs and creditworthiness of Westpac; and• the application of any taxation laws and other factors relevant to your particular situation. <p>If you are in any doubt about whether to apply for Westpac Subordinated Notes, you should consult your professional adviser.</p>
Complete and return an Application Form	<p>To apply for Westpac Subordinated Notes, you need to complete and return an Application Form or submit an online Application before the Closing Date. See Section 2 and the Application Forms for full details on how to apply.</p> <p>If you are applying under the Securityholder Offer, your Application and Application Payment must be received by 16 August 2012 (5.00pm, Sydney time). If you are applying under the Broker Firm Offer, your Application and Application Payment must be received by your nominated Syndicate Broker, not the Registrar, within sufficient time to enable processing by 22 August 2012 (10.00am, Sydney time).</p> <p>Applications must be for a minimum of \$5,000 (50 Westpac Subordinated Notes). If your Application is for more than 50 Westpac Subordinated Notes, then you must apply for incremental multiples of 10 Westpac Subordinated Notes – that is, in incremental multiples of at least \$1,000.</p>

For more information on applying for Westpac Subordinated Notes see Section 2 and the Application Forms. If you have any questions on how to apply for Westpac Subordinated Notes, call the **Westpac Subordinated Notes Information Line on 1300 551 472 (local call cost within Australia) or +61 2 8280 7706 (international) (Monday to Friday – 8.30am to 5.30pm)** or contact your professional adviser.

1

SUMMARY OF WESTPAC SUBORDINATED NOTES

This Section provides information about the key features of Westpac Subordinated Notes. Where indicated, more detailed information is provided in other Sections of this Information Memorandum.

1.1 KEY FEATURES OF WESTPAC SUBORDINATED NOTES AND KEY OFFER DETAILS

		Where to find more information
The issuer of Westpac Subordinated Notes	Westpac Banking Corporation.	Section 3 – “About Westpac”
Westpac Subordinated Notes	<p>Westpac Subordinated Notes:</p> <ul style="list-style-type: none"> are fully paid, registered, unsecured, subordinated debt obligations of Westpac with a Face Value of \$100 per Westpac Subordinated Note; pay interest quarterly in arrear at the Interest Rate; must be redeemed by Westpac on the Maturity Date unless Westpac is not, or will not be, Solvent (unless redeemed earlier by Westpac); and are subordinated to claims of Senior Creditors of Westpac. <p>The Westpac Subordinated Notes are issued on, and subject to, the Conditions and the Deed Poll.</p>	Conditions 2 and 4 and Sections 1.2 – “Interest payments” and 1.4 – “Subordination and Ranking of Westpac Subordinated Notes”
Offer	<p>The Offer is being made to raise approximately \$1.5 billion with the ability to raise more or less, and consists of:</p> <ul style="list-style-type: none"> a Securityholder Offer – to registered holders of Ordinary Shares, Westpac TPS, Westpac SPS, Westpac SPS II and/or Westpac CPS as at 7.00pm (Sydney time) on 9 July 2012 and shown on the Register as having an address in Australia; a Broker Firm Offer – to retail clients of a Syndicate Broker (subject to certain foreign selling restrictions); and an Institutional Offer – to certain Institutional Investors invited by the Joint Lead Managers. 	Section 2 – “Application Information”
Purpose of the Offer	The proceeds of the issue of Westpac Subordinated Notes will be used for Westpac’s general funding purposes.	Section 3 – “About Westpac - Impact of the Offer”

SUMMARY OF WESTPAC SUBORDINATED NOTES

		Where to find more information
<p>Key benefits of Westpac Subordinated Notes</p>	<p>Some benefits of an investment in the Westpac Subordinated Notes include:</p> <ul style="list-style-type: none"> • <i>interest</i> – you receive a floating rate of interest on the Westpac Subordinated Notes equal to the sum of the Margin and the 90 day Bank Bill Rate, paid in cash, quarterly in arrear; • <i>payments</i> – payments of principal and interest are not deferrable or discretionary (unless Westpac is not Solvent at the time the payment is due or will not be Solvent immediately after making the payment, in which case the payment will not be made) and interest will continue to accrue on any interest or other amount not paid. Under the Conditions, “Solvent” means that Westpac is able to pay its debts as they fall due and its Assets exceed its Liabilities. The terms “Assets” and “Liabilities” are defined in Condition 9.2 (see pages A-9 and A-10 of the Conditions); • <i>fixed maturity</i> – Westpac Subordinated Notes have a fixed Maturity Date of 23 August 2022; • <i>ASX quotation</i> – quotation of Westpac Subordinated Notes on ASX may: <ul style="list-style-type: none"> – provide liquidity allowing you to sell all or part of your Westpac Subordinated Notes before the Maturity Date; and – allow you to check the price (and value) of Westpac Subordinated Notes on a daily basis; • <i>divisibility</i> – you may sell part of a holding of Westpac Subordinated Notes; • <i>brand</i> – Westpac Subordinated Notes are issued by Westpac, which is one of the major banks in Australia; and • <i>diversification</i> – Westpac Subordinated Notes may provide you with an opportunity to diversify your investment portfolio. 	<p>Conditions 2 and 3 and Section 1.2 – “Interest payments”</p>

		Where to find more information
<p>Key risks of Westpac Subordinated Notes</p>	<p>You should read Section 4.1 – “Risks relating to Westpac Subordinated Notes” in full before deciding to apply. The key risks relating to the Westpac Subordinated Notes include:</p> <ul style="list-style-type: none"> • Westpac Subordinated Notes are subordinated to claims of Senior Creditors and are unsecured. Westpac must not make any payment in respect of the Westpac Subordinated Notes unless it is Solvent at the time payment is made and will be Solvent immediately after making the payment; • in a Winding-Up of Westpac, if there are insufficient assets to satisfy claims ranking ahead of, or equally with, Westpac Subordinated Notes, there is a risk that you may lose some or all of your investment in the Westpac Subordinated Notes (including any interest payments that are due and unpaid at that time); • Westpac Subordinated Notes are not deposit liabilities of Westpac, nor protected accounts for the purposes of the Banking Act or the Financial Claims Scheme and are not guaranteed or insured by any government agency or any other person; • the Interest Rate will fluctuate; • you have no right to request redemption prior to the Maturity Date; • subject to APRA’s prior written consent, Westpac may redeem the Westpac Subordinated Notes before the Maturity Date for certain taxation or regulatory reasons, or on an Interest Payment Date falling on or after 23 August 2017. There can be no certainty that Westpac will choose to redeem the Westpac Subordinated Notes early, nor that APRA would provide its consent in respect of any proposed early redemption; • the market price of Westpac Subordinated Notes may fluctuate and trade below the Face Value for various reasons including changes in interest rates, credit margins, the financial performance of Westpac and general economic conditions; • the market liquidity of Westpac Subordinated Notes may be low, which means that, at certain times, you may be unable to sell your Westpac Subordinated Notes on ASX at an acceptable price, in an acceptable timeframe or at all, because there are not enough buyers for Westpac Subordinated Notes; • Westpac may default on the payment of the Face Value or interest due on the Westpac Subordinated Notes and you have limited rights in these circumstances; 	<p>Section 4.1 – “Risks relating to Westpac Subordinated Notes” and Conditions 2, 3, 4, 5 and 8</p>

SUMMARY OF WESTPAC SUBORDINATED NOTES

		Where to find more information
	<ul style="list-style-type: none"> Westpac has the right to create and issue any class of share capital or other equity or debt securities without the approval of Holders. Any of these securities could rank after, equally or ahead of Westpac Subordinated Notes. An investment in Westpac Subordinated Notes carries no right to participate in any future issue of securities (whether equity, hybrid, debt or otherwise) by Westpac; Westpac may, in certain circumstances, amend the Conditions without the consent of Holders (but, where applicable, subject to the prior written consent of APRA). Variations under these powers are binding on all Holders despite the fact that a Holder may not agree with the variation; and Westpac may be subject to action by APRA which may be adverse to Holders. 	Section 4.1 – “Risks relating to Westpac Subordinated Notes” and Conditions 2, 3, 4, 5 and 8
Key risks relating to Westpac’s business	<p>There are a number of risks and uncertainties associated with Westpac’s business which are outlined in Section 4.2 – “Risks relating to Westpac”. You should read Section 4.2 – “Risks relating to Westpac” in full before deciding to apply.</p> <p>As a financial institution, Westpac’s businesses are subject to detailed laws and regulations in each of the jurisdictions in which it operates (including Australia, New Zealand and the United States). Westpac’s businesses could be adversely affected by failing to comply with existing laws and regulations, or by changes in laws and regulations and regulatory policy.</p> <p>Westpac relies on credit and capital markets to fund its business and as a source of liquidity. Adverse credit and capital market conditions may significantly affect Westpac’s ability to meet funding and liquidity needs and may increase Westpac’s cost of funding. Financial market and economic disruptions may also affect the ability of Westpac’s borrowers to repay their loans or Westpac’s counterparties to meet their obligations, causing Westpac to incur higher credit losses.</p> <p>Other events such as changes in competition, financial market volatility, technology failures, failures in risk management strategies, environmental factors or reputational damage could negatively impact Westpac’s business, financial performance, financial conditions and prospects.</p> <p>These risks and uncertainties are not the only ones that Westpac may face. Additional risks and uncertainties that Westpac is unaware of, or that it currently deems to be immaterial, may also become important factors that affect Westpac.</p>	Section 4.2 – “Risks relating to Westpac”
Westpac Subordinated Notes are different from term deposits and Westpac CPS	<p>Westpac Subordinated Notes are different from term deposits and Westpac CPS. You should consider these differences in light of your investment objectives, financial situation and particular needs (including financial and taxation) before deciding to apply for Westpac Subordinated Notes.</p> <p>The key differences are summarised in the following table.</p>	Section 4 – “Key Risks”

KEY DIFFERENCES BETWEEN TERM DEPOSITS, WESTPAC SUBORDINATED NOTES AND WESTPAC CPS

	Term deposits	Westpac Subordinated Notes	Westpac CPS
ASX code	Not quoted on ASX	WBCHA ¹	WBCPC
Legal form	Deposit	Unsecured subordinated debt obligation	Preference share
Protection under the Australian Government Financial Claims Scheme	Yes ²	No	No
Term	One month to five years	10 years ³	Perpetual, subject to scheduled conversion into Ordinary Shares
Issuer early redemption option	Yes, subject to conditions	Yes, on 23 August 2017 and each Interest Payment Date after that date, subject to APRA's prior written consent	Yes, on 31 March 2018, and each dividend payment date after that date, subject to APRA's prior written consent
Interest rate/dividend rate	Fixed	Floating	Floating
Interest/dividend payment	Cumulative, unfranked	Cumulative, unfranked	Non-cumulative, franked
Interest/dividend payment dates	End of term (or per annum)	Quarterly	Semi-annually
Payment deferral	No	No (unless Westpac is not Solvent immediately before or would not be Solvent immediately after payment in which case interest will continue to accrue on any interest or other amount not paid)	Yes (dividends on the Westpac CPS are discretionary and subject to a dividend payment test)
Transferable	No	Yes – quoted on ASX	Yes – quoted on ASX
Investor's ability to withdraw or redeem	Yes, subject to conditions	No	No
Ranking	Senior to Westpac Subordinated Notes	Senior to Westpac CPS (and other Westpac Hybrids)	Senior to Ordinary Shares
Conversion into Ordinary Shares	No	No	Yes, following a scheduled conversion, capital trigger event and in certain limited circumstances

1. Westpac has applied to have Westpac Subordinated Notes quoted on ASX and they are expected to trade under code WBCHA.

2. For deposits made from 1 February 2012 up to an amount per account-holder of \$250,000.

3. Subject to possible early redemption by Westpac in certain circumstances, subject to APRA's prior written consent.

SUMMARY OF WESTPAC SUBORDINATED NOTES

1.2 INTEREST PAYMENTS

		Where to find more information
Interest Rate	<p>Westpac Subordinated Notes pay interest at the Margin plus the 90 day Bank Bill Rate. The Interest Rate will vary each quarter based on changes in the 90 day Bank Bill Rate.</p> <p>The Interest Rate is calculated using the following formula:</p> <p style="text-align: center;">Interest Rate = 90 day Bank Bill Rate + Margin</p> <p>The Bank Bill Rate is set on the first Business Day of each Interest Period. The Margin was determined under the Bookbuild. The Margin is 2.75% per annum and will not change.</p> <p>While the Westpac Subordinated Notes are quoted, Westpac will announce to ASX the Interest Rate for each Interest Period. Information about the Interest Rate can also be obtained on the Westpac website at www.westpac.com.au/investorcentre.</p>	Conditions 3.1, 3.3, 3.5 and 9.2
Interest Payment Dates	<p>Interest is payable in cash, quarterly in arrear on 23 February, 23 May, 23 August and 23 November of each year, commencing on 23 November 2012⁴, to and including the Maturity Date (or such earlier date on which Westpac Subordinated Notes are redeemed).</p> <p>If any of these scheduled dates are not Business Days, then payment will occur on the next Business Day without any additional interest in respect of the delay.</p> <p>Under the Conditions, payments of principal, interest or Additional Amounts in respect of a Westpac Subordinated Note are conditional on Westpac being Solvent immediately before and after payment.</p>	Conditions 2.3 and 3.2 and Section 1.4 –“Subordination and Ranking of Westpac Subordinated Notes”
Calculation of interest	<p>Interest payable on each Westpac Subordinated Note for each Interest Period is calculated using the following formula:</p> $\text{Interest} = \frac{\text{Face Value} \times \text{Interest Rate} \times \text{N}}{365}$ <p>where:</p> <p>Face Value is A\$100;</p> <p>Interest Rate is the 90 day Bank Bill Rate + Margin; and</p> <p>N is the number of days in the Interest Period.</p> <p>For example, if the 90 day Bank Bill Rate was 3.5200%⁵ per annum, the Margin is 2.75% per annum and the Interest Period was 90 days in length, the interest for that period would be calculated as follows:</p> $\frac{\$100 \times 6.2700\%^6 \times 90}{365}$ <p style="text-align: center;">= \$1.5460 per Westpac Subordinated Note</p>	Condition 3.3

4. Each date assumes an Issue Date of 23 August 2012.

5. The 90 day Bank Bill Rate on 19 July 2012 was 3.5200% per annum.

6. The interest rate shown is for illustrative purposes only and does not indicate the actual Interest Rate.

		Where to find more information
90 day Bank Bill Rate	<p>The 90 day Bank Bill Rate (expressed as a percentage per annum) 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. The rate changes to reflect the supply and demand within the cash and currency markets. The graph below illustrates the 90 day Bank Bill Rate since 2001.</p> <p>90 day Bank Bill Rate (% per annum)</p> <p>Source: Bloomberg * The 90 day Bank Bill Rate can be found in The Australian Financial Review or on the AFMA website (http://www.afma.com.au/home.html).</p>	Condition 9.2

1.3 REPAYMENT OF FACE VALUE

		Where to find more information
Repayment of Face Value of Westpac Subordinated Notes	<p>On the Maturity Date, you will receive for each Westpac Subordinated Note:</p> <ul style="list-style-type: none"> the Face Value; plus any accrued and unpaid interest, provided the Solvency Condition is satisfied. 	Conditions 4.1 and 9.2 and Section 1.4 – “Subordination and Ranking of Westpac Subordinated Notes”
Maturity Date	<p>The Maturity Date is the 10th anniversary of the Issue Date. Assuming the Issue Date is 23 August 2012, the Maturity Date will be 23 August 2022.</p> <p>The Westpac Subordinated Notes may be redeemed earlier by Westpac in accordance with the Conditions, subject to APRA’s prior written consent.</p>	Conditions 4 and 9.2
No early redemption rights for Holders	<p>You cannot request that your Westpac Subordinated Notes be redeemed prior to the Maturity Date. However, to realise your investment, you can sell your Westpac Subordinated Notes on ASX at the prevailing market price subject to the liquidity of that market.</p>	Condition 4.9 and Section 4 – “Key Risks”

SUMMARY OF WESTPAC SUBORDINATED NOTES

		Where to find more information
Early redemption	<p>Subject to APRA's prior written consent, Westpac may redeem all or some of the Westpac Subordinated Notes on 23 August 2017 or any Interest Payment Date after that date.</p> <p>In addition, subject to APRA's prior written consent, Westpac may redeem all (but not some) of the Westpac Subordinated Notes before the Maturity Date:</p> <ul style="list-style-type: none"> • for certain taxation reasons; or • for regulatory reasons if Westpac determines that: <ul style="list-style-type: none"> – Westpac Subordinated Notes have ceased, or will cease, to qualify as, or be able to be recognised as, either Tier 2 Capital or transitional Tier 2 Capital under the Basel III Documents, except where Westpac has exceeded a limit on the recognition of Tier 2 Capital or transitional Tier 2 Capital under the Basel III Documents; or – the recognition of, and/or transitional arrangements for recognising, Tier 2 Capital or transitional Tier 2 Capital after 1 January 2013 which are set out in the Basel III Documents are, or will be applied, (in respect of the Westpac Subordinated Notes) in a manner which is in any way more adverse to Westpac than on the date of issue of the Westpac Subordinated Notes. <p>There can be no certainty that APRA would provide its consent in respect of any early redemption.</p>	<p>Conditions 4.2, 4.3, 4.4, 4.5, 4.6 and 4.9, Section 3 – “About Westpac – Capital Adequacy” and Section 4 – “Key Risks”</p>
Early redemption is subject to Westpac being Solvent	<p>You will not be paid any amounts on an early Redemption Date if Westpac is not Solvent or cannot make the payment and remain Solvent immediately after doing so.</p>	<p>Condition 2.3 and Section 1.4 – “Subordination and Ranking of Westpac Subordinated Notes”</p>

1.4 SUBORDINATION AND RANKING OF WESTPAC SUBORDINATED NOTES

		Where to find more information
No security	Westpac Subordinated Notes are not secured over any of Westpac's assets.	Section 4 – “Key Risks” and Condition 2.2
Solvency Condition	<p>Prior to a Winding-Up, Westpac is not obliged to make any payment in respect of the Westpac Subordinated Notes unless it is Solvent at the time of payment, and no payment will be made unless Westpac will be Solvent immediately after making such payment.</p> <p>Any interest or other amount not paid as a consequence of Westpac not being Solvent remains a debt owing to the relevant Holder by Westpac until it is paid and shall be payable on the first date on which Westpac is Solvent and may make such payment and still be Solvent immediately after doing so (whether or not such date is otherwise an Interest Payment Date). Interest continues to accrue on any unpaid principal and accumulates with compounding on any unpaid interest.</p>	Conditions 2.3 and 9.2
Subordination and ranking in a Winding-Up	<p>In a Winding-Up of Westpac, Westpac Subordinated Notes rank for payment:</p> <ul style="list-style-type: none"> • before Ordinary Shares and any other shares of Westpac; • before the Westpac Hybrids; • before undated Subordinated Indebtedness of Westpac having no fixed maturity; • at least equally with other unsecured Subordinated Indebtedness of Westpac having a fixed maturity date; and • after any Senior Creditors (including depositors with, and holders of senior unsubordinated notes and bonds issued by, Westpac). <p>The following table illustrates how Westpac Subordinated Notes would rank upon a Winding-Up of Westpac.</p>	Section 4 – “Key Risks” and Condition 2.4

SUMMARY OF WESTPAC SUBORDINATED NOTES

Higher ranking	Illustrative examples ⁷	
	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 and 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
	Preference securities	Westpac Hybrids
	Ordinary shares	Westpac Ordinary Shares
Lower ranking		

7. 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 Subordinated Notes.

1.5 EVENTS OF DEFAULT

		Where to find more information	
	Event of Default	Consequence	
Events of Default	<p>The Events of Default in relation to a Westpac Subordinated Note are limited.</p> <p>In summary, an Event of Default occurs if:</p> <ul style="list-style-type: none"> • Westpac fails to pay: <ul style="list-style-type: none"> – principal in respect of a Westpac Subordinated Note within seven Business Days of the Maturity Date; or – interest in respect of a Westpac Subordinated Note within 14 Business Days of the due date for payment, unless, prior to a Winding-Up, the failure is because Westpac is not Solvent or would not be Solvent as a result of that payment; or • a Winding-Up occurs. 	<p>If an Event of Default occurs as a result of non-payment, a Holder may bring proceedings:</p> <ul style="list-style-type: none"> • to recover any amount then due and payable but unpaid on a Westpac Subordinated Note (provided Westpac can make the payment and remain Solvent); • to obtain an order for specific performance of any other obligation in respect of a Westpac Subordinated Note; or • for a Winding-Up of Westpac. <p>If an Event of Default occurs as a result of a Winding-Up, the Westpac Subordinated Notes will, without further action, become due and payable. However, a Holder has no remedy against Westpac, other than to bring proceedings for a Winding-Up or, subject to the Conditions, to prove or claim in any Winding-Up.</p>	<p>Conditions 5.1, 5.2 and 9.2</p> <p>Section 4 – “Key Risks”</p> <p>Conditions 5.1, 5.2 and 9.2</p>

SUMMARY OF WESTPAC SUBORDINATED NOTES

1.6 MISCELLANEOUS

		Where to find more information
Payments	<p>Payments in respect of Westpac Subordinated Notes will only be made in Australian dollars by crediting an Australian dollar account maintained with a financial institution in Australia and nominated in writing by you by close of business on the relevant Record Date.</p> <p>If any date for payment is not a Business Day, then payment will occur on the next Business Day without any additional interest or other payment in respect of the delay.</p> <p>All payments are subject to the Solvency Condition being met.</p> <p>Westpac reserves the right to vary the way in which payments are made in accordance with the Conditions.</p>	Conditions 6.1 and 6.3
Quotation of Westpac Subordinated Notes	<p>Westpac has applied for quotation of Westpac Subordinated Notes on ASX under code WBCHA. Quotation of Westpac Subordinated Notes is not guaranteed.</p> <p>If ASX does not grant permission for Westpac Subordinated Notes to be quoted prior to the Issue Date, then Westpac Subordinated Notes will not be issued. The Joint Lead Managers have agreed with Westpac in the Offer Management Agreement that, if Westpac Subordinated Notes are not issued, then all Application Payments received will be refunded (without interest) to Applicants as soon as possible.</p>	Sections 2.6 – “Refunds”, 2.8 “ASX quotation, trading and Holding Statements” and 2.15 “Summary of the Offer Management Agreement”
Voting rights	<p>Holding a Westpac Subordinated Note does not give you any right to vote at, or receive notices of, any meeting of shareholders of Westpac.</p> <p>In some circumstances there may be meetings of Holders. Under the Deed Poll, Westpac or the Registrar may convene meetings of Holders and the Registrar must do so if requested by Holders who represent in aggregate at least 10% of the aggregate outstanding principal amount of the Westpac Subordinated Notes.</p>	Condition 1.7 Deed Poll – paragraphs 7 and 8 of the Meetings Provisions

		Where to find more information
Amendment of Conditions	<p>Westpac may, without your consent, amend the Conditions:</p> <ul style="list-style-type: none"> • to cure any ambiguity; • to correct or supplement any defective or inconsistent provisions; or • in any other manner which Westpac considers necessary or desirable which, in the opinion of Westpac, does not adversely affect the interests of Holders. <p>Other amendments to the Conditions and Deed Poll may be made in accordance with the Deed Poll.</p> <p>Any amendments to the Conditions which affect the regulatory capital treatment of Westpac Subordinated Notes as Tier 2 Capital require the prior written consent of APRA.</p>	Conditions 8.2, 8.3 and 8.4
Taxation implications of holding Westpac Subordinated Notes	<p>Information about the Australian taxation consequences of receiving payments of interest (including potential withholdings from such payments on account of taxation) are set out in Section 5 (“Australian Taxation”). You should read this information before deciding whether to apply for Westpac Subordinated Notes and consult with your professional adviser about the taxation implications of holding Westpac Subordinated Notes.</p>	Section 5 – “Australian Taxation”

SUMMARY OF WESTPAC SUBORDINATED NOTES

		Where to find more information
Deed Poll	<p>A trustee has not been appointed for Westpac Subordinated Notes. Instead, there is a Deed Poll made by Westpac in favour of each person who is from time to time a Holder. The Deed Poll contains:</p> <ul style="list-style-type: none"> • Westpac’s unconditional and irrevocable undertaking to pay, in respect of each Westpac Subordinated Note, the principal, interest and any other amounts in accordance with the Conditions; • Westpac’s undertaking to observe its obligations under, and to comply with, the Conditions; • an obligation to appoint the Registrar and procure the Registrar to establish and maintain a Westpac Subordinated Notes Register in New South Wales; and • provisions for meetings of Holders. <p>Holders will be bound by the terms of the Deed Poll, the Conditions and this Information Memorandum when Westpac Subordinated Notes are issued or transferred to them or they purchase Westpac Subordinated Notes.</p> <p>The Registrar holds the original executed Deed Poll on behalf of Holders. Each Holder can enforce Westpac’s obligations under the Deed Poll and the Conditions independently of the Registrar and each other Holder.</p> <p>A copy of the Deed Poll can be obtained from Westpac’s website at www.westpac.com.au/investorcentre.</p>	Deed Poll
Tier 2 Capital	<p>Under APRA’s current capital adequacy standards for banks, regulatory capital consists of Tier 1 Capital and Tier 2 Capital.</p> <p>APRA has advised Westpac that the Westpac Subordinated Notes are eligible for inclusion as Tier 2 Capital under APRA’s current prudential standards and are expected to be eligible for transitional treatment as Tier 2 Capital when APRA’s prudential standards are updated as a result of its implementation of the Basel III reforms.</p> <p>See Section 1.3 for a description of certain regulatory events which confer on Westpac a right to redeem the Westpac Subordinated Notes.</p>	Conditions 4.4, 9.2 and Section 3 – “About Westpac – Capital Adequacy”

2

APPLICATION INFORMATION

This Section provides information about applying for Westpac Subordinated Notes, Westpac's reporting obligations and management of the Offer.

APPLICATION INFORMATION

2.1 APPLYING FOR WESTPAC SUBORDINATED NOTES

Applications for Westpac Subordinated Notes must be made using the Application Form attached to, or accompanying, this Information Memorandum or online by visiting the Westpac website at www.westpac.com.au/investorcentre and following the instructions. An Application Form and Application Payment for Westpac Subordinated 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 consists of:

- a Securityholder Offer;
- a Broker Firm Offer; and
- an Institutional Offer.

There is no general public offer of Westpac Subordinated Notes.

Westpac and the Joint Lead Managers may, in their absolute discretion, extend the Offer Period, close the Offer early without notice, or withdraw the Offer at any time before Westpac Subordinated Notes are issued. Accordingly, if you wish to apply for Westpac Subordinated Notes you are encouraged to apply 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 any Application or not to accept Applications from any Applicant.

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

2.2 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 and/or Westpac CPS as at 7.00pm (Sydney time) on 9 July 2012 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 A\$250,000 as part of the Institutional Offer.</p>	<p>If you are an Eligible Securityholder, your completed Securityholder Application Form and Application Payment must be received by the Registrar before the Closing Date for the Securityholder Offer which is expected to be 5.00pm (Sydney time) on 16 August 2012. You should either:</p> <ul style="list-style-type: none"> complete and return a personalised Securityholder Application Form and Application Payment to the Registrar; 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^{®8}. <p>Paper based Securityholder Application Forms together with Application Payments can be returned to the Registrar by:</p> <p>Mail</p> <p>Westpac Subordinated Notes Offer Link Market Services Limited Reply Paid 3560 Sydney NSW 2001</p> <p>Or</p> <p>Hand delivery</p> <p>Westpac Subordinated 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 registered branch).</p>

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

APPLICATION INFORMATION

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 a retail client of a Syndicate Broker (subject to the foreign selling restrictions set out in Section 2.13).	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 22 August 2012 . Please contact your Syndicate Broker for their instructions on how to submit your Broker Firm Application Form.
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 any of the Joint Lead Managers.

2.3 HOW TO OBTAIN AN INFORMATION MEMORANDUM AND APPLICATION FORM

A copy of this Information Memorandum may be:

- downloaded from the Westpac website www.westpac.com.au/investorcentre; or
- sent to you during the Offer Period with a personalised Securityholder Application Form if you register online to receive an Information Memorandum on the website address above; or
- sent to you during the Offer Period, with a personalised Securityholder Application Form, if you call the **Westpac Subordinated Notes Information Line (Monday to Friday, 8.30am to 5.30pm) on 1300 551 472 (local call cost within Australia) or +61 2 8280 7706 (international)**; or
- obtained from your Syndicate Broker during the Offer Period with a Broker Firm Application Form by contacting your Syndicate Broker.

2.4 BROKERAGE AND STAMP DUTY

No brokerage or stamp duty is payable to Westpac on your Application. A Holder may have to pay a brokerage or transaction fee on any later sale of Westpac Subordinated Notes on ASX after Westpac Subordinated Notes have been quoted on ASX.

2.5 APPLICATION PAYMENTS

Eligible Securityholders applying on a 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 Subordinated 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^{®9}.

All Application Payments received by Westpac before Westpac Subordinated Notes are issued will be held by Westpac on trust in an account established solely for the purposes of depositing Application Payments received. Any interest that accrues in that account will be retained by Westpac. After Westpac Subordinated Notes are issued to successful Applicants, the Application Payments held on trust will be payable to Westpac.

2.6 REFUNDS

If you are not allotted any Westpac Subordinated Notes, or you are allotted fewer Westpac Subordinated Notes than the number that you applied and paid for as a result of a scale back or for any

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

other reason, Westpac will refund (without interest) all, or the relevant proportion of, your Application Payment as soon as practicable after the Issue Date.

In the event that the Offer does not proceed for any reason, all Applicants will have their Application Payments refunded (without interest) as soon as practicable.

2.7 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 Westpac Subordinated Notes than applied for, including less than the minimum application of 50 Westpac Subordinated 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 Offer. This Allocation policy and any scale back will be announced on ASX on the day Westpac Subordinated Notes commence trading on a deferred settlement basis, which is expected to be 24 August 2012.

The Allocation policy for Syndicate Brokers and Institutional Investors was determined under the Bookbuild. Westpac and the Joint Lead Managers have the right to nominate the persons to whom Westpac Subordinated Notes were or 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 Westpac Subordinated Notes. In this circumstance, no Applicants will receive an Allocation.

2.8 ASX QUOTATION, TRADING AND HOLDING STATEMENTS

Westpac has applied for Westpac Subordinated Notes to be quoted on ASX under code WBCHA. Quotation of Westpac Subordinated Notes is not guaranteed.

Westpac expects Holding Statements to be despatched to successful Applicants by 30 August 2012. Westpac will also apply for Westpac Subordinated Notes to participate in CHESS. It is

not intending to quote Westpac Subordinated Notes on any securities exchange apart from ASX. No certificates will be issued for Westpac Subordinated Notes unless Westpac determines that certificates should be made available or it is required to do so pursuant to any applicable law.

It is expected that Westpac Subordinated Notes will begin trading on ASX on a deferred settlement basis on 24 August 2012. Trading on ASX in Westpac Subordinated Notes on a deferred settlement basis is expected to continue until the despatch of Holding Statements is completed, which is expected to occur by 30 August 2012. Trading is expected to commence on a normal settlement basis on 31 August 2012.

You are responsible for confirming your Allocation before trading Westpac Subordinated Notes to avoid the risk of selling Westpac Subordinated Notes you do not own. If you are a successful Applicant and sell your Westpac Subordinated Notes before receiving your Holding Statement, you do so at your own risk.

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 Subordinated Notes Information Line (Monday to Friday, 8.30am to 5.30pm on 1300 551 472 (local call cost within Australia) or +61 2 8280 7706 (international))**.

2.9 NEW HOLDER INFORMATION

Applicants issued with Westpac Subordinated 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 interest and other amounts will be paid on Westpac Subordinated Notes.

2.10 PROVISION OF BANK ACCOUNT DETAILS FOR INTEREST AND OTHER PAYMENTS

Westpac will only pay interest directly into an Australian dollar account of a financial institution nominated by you by close of business on the Record Date in respect of that payment.

APPLICATION INFORMATION

As part of the new investor pack, the Registrar 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 interest, 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:

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

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

2.11 PROVISION OF TFN OR ABN

The Registrar will provide Holders with a form so that a Holder may provide a TFN, ABN or both. A Holder may quote their TFN or ABN. If a Holder does not quote a TFN (or in certain circumstances an ABN) or proof of exemption, Westpac will be required to withhold Australian taxation at the maximum marginal tax rate including the Medicare Levy (currently 46.5%) from any interest (and Additional Amounts) payable on Westpac Subordinated Notes and remit the amount withheld to the Australian Taxation Office (ATO).

You should also read Section 5 entitled "Australian Taxation".

2.12 PRIVACY STATEMENT

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

Applicants will be asked to provide personal information to Westpac (directly or via the Registrar). Westpac (and the Registrar on its behalf) collects, holds and uses that personal information in order to assess your Application, service your needs as a Holder, provide facilities and services that Applicants request, and carry out appropriate administration. Company and taxation 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 members of the Westpac Group, 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 as required or allowed by law to domestic and overseas regulators or other government agencies, including to ASIC and the ATO, and in order for Westpac to comply with its obligations under any law relating to taxation, money laundering or counter-terrorism.

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

Under the Privacy Act 1988 of Australia, you may request access to your personal information held by (or on behalf of) Westpac. You can request access to your personal information or obtain further information about Westpac's management of your personal information by contacting the Registrar or Westpac. You can also obtain a copy of Westpac's privacy policy at www.westpac.com.au.

2.13 RESTRICTIONS ON FOREIGN JURISDICTIONS

This Information Memorandum does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer.

The distribution of this Information Memorandum in jurisdictions outside Australia may be restricted by law and persons who come into possession of this Information Memorandum should seek advice on and observe these restrictions. Failure to comply with these restrictions may violate securities laws. Applicants who are resident in countries other than Australia should consult their professional advisers

as to whether any governmental or other consents are required or whether any other formalities need to be considered and followed.

United States

The Westpac Subordinated 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” (as defined in Regulation S under the US Securities Act). Neither this Information Memorandum 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 Westpac Subordinated 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 to which Westpac Subordinated 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 Westpac Subordinated 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 Westpac Subordinated 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.

New Zealand

The Offer may be extended to particular investors in New Zealand in accordance with applicable law. Investors in New Zealand should take note of the following notice.

This Information Memorandum is not an investment statement or prospectus under New Zealand law and has not been registered, filed with or approved by any New Zealand regulatory authority under or in accordance with the Securities Act 1978 (New Zealand) or any other relevant law in

New Zealand. It may not contain all the information that an investment statement or prospectus under New Zealand law is required to contain.

The Westpac Subordinated Notes may not be offered or sold directly or indirectly within New Zealand, except:

- a. to persons whose principal business is the investment of money or who, in the course of and for the purposes of their business, habitually invest money (**Habitual Investors**);
- b. to persons who are each required to pay a minimum subscription price of at least NZ\$500,000 (disregarding any amount lent by the offeror, Westpac or any associated person of the offeror or Westpac) for the securities before allotment; or
- c. to persons 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) (together with Habitual Investors, **Private Investors**).

Westpac reserves the right to refuse any application under this Offer where it reasonably believes that the applicant may be a member of the public for the purpose of the Securities Act 1978 (New Zealand).

Notwithstanding anything to the contrary in this Information Memorandum or any other document relating to this Offer of Westpac Subordinated Notes, the minimum application by a person in New Zealand who is not a Private Investor must be for Westpac Subordinated Notes with a subscription price which is equivalent to at least NZ\$500,000 (disregarding any amount lent by the offeror, Westpac or any associated person of the offeror or Westpac) and no scale back below this minimum shall occur in the case of such a person.

Hong Kong

The Westpac Subordinated Notes have not been and will not be offered or sold in Hong Kong, by means of any document, other than (a) to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571) (as amended) of Hong Kong (**SFO**) and any rules made under the SFO; or (b) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies Ordinance (Cap. 32) (as amended) of Hong Kong (**Companies Ordinance**) or which do not

APPLICATION INFORMATION

constitute an offer to the public within the meaning of the Companies Ordinance. No advertisement, invitation, other offering material or other document relating to the Westpac Subordinated Notes may be issued, whether in Hong Kong or elsewhere, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Westpac Subordinated Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the SFO and any rules made under the SFO.

Singapore

This Information Memorandum and any other documents or materials relating to the Offer have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this Information Memorandum and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of the Westpac Subordinated Notes, may not be circulated or distributed, nor may the Westpac Subordinated Notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the **SFA**), (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the SFA, (iii) where the Westpac Subordinated Notes are initially acquired pursuant to an offer in reliance of Section 274 or 275 of the SFA, pursuant to, and in accordance with the conditions of, Section 276 of the SFA and any other applicable provision of the SFA, or (iv) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Westpac Subordinated Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- a. a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- b. a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Westpac Subordinated Notes pursuant to an offer made under Section 275 of the SFA except:

- i. to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or (in the case of such corporation) where the transfer arises from an offer referred to in Section 276(3)(i)(B) of the SFA or (in the case of such trust) where the transfer arises from an offer referred to in Section 276(4)(i)(B) of the SFA;
- ii. where no consideration is or will be given for the transfer;
- iii. where the transfer is by operation of law; or
- iv. pursuant to Section 276(7) of the SFA.

Malaysia

The Westpac Subordinated Notes may not be offered, sold, transferred or otherwise disposed directly or indirectly, nor may any document or other material in connection therewith be distributed, other than to a person to whom an offer or invitation to subscribe or purchase the Westpac Subordinated Notes and to whom the Westpac Subordinated Notes are issued would fall within:

- a. Schedule 6 or Section 229(1)(b) or Schedule 7 or Section 230(1)(b) of the Capital Market and Services Act 2007 of Malaysia (**CMSA**); and
- b. Schedule 8 or Section 257(3) of the CMSA,

as may be amended and/or varied from time to time and subject to any amendments to the applicable laws from time to time.

2.14 REPORTING OBLIGATIONS AND CONTINUOUS DISCLOSURE

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

As at the date of this Information Memorandum, Westpac is in compliance in all material respects with the provisions of Chapter 2M of the Corporations Act as modified by ASIC in respect of Westpac.

As a company listed on ASX, Westpac is subject to the ASX Listing Rules. These obligations require, among other things, that Westpac 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 (including Westpac Subordinated Notes when issued), unless exceptions from disclosure apply under the ASX Listing Rules.

As at the date of this Information Memorandum, Westpac is in compliance with its continuous disclosure obligations under the ASX Listing Rules.

2.15 SUMMARY OF THE OFFER MANAGEMENT AGREEMENT

Westpac and the Joint Lead Managers entered into the Offer Management Agreement (**OMA**) on 16 July 2012. Under the OMA Westpac has appointed each of the Joint Lead Managers to conduct the Offer, including a Bookbuild for the purpose, among other things, of setting the Margin and determining the Allocations to Syndicate Brokers and Institutional Investors.

The OMA contains various representations, warranties and indemnities and imposes various obligations on Westpac, including to apply for the quotation of the Westpac Subordinated Notes on ASX, to take reasonable steps to ensure that the Offer documents (including this Information Memorandum and any

public information in relation to the Offer) do not contain any material statements which are misleading or deceptive, to comply with its continuous disclosure obligations and to conduct the Offer in accordance with the Offer documents (including this Information Memorandum), the Corporations Act, the ASX Listing Rules and any other applicable laws.

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

- ASIC commences an investigation or hearing in relation to the Offer documents (including this Information Memorandum);
- ASX refuses to quote the Westpac Subordinated Notes;
- certain breaches of the OMA;
- the issue of the Offer documents (including this Information Memorandum) constitutes misleading or deceptive conduct;
- Westpac withdraws this Information Memorandum or the Offer; and
- an adverse change in the assets, liabilities, financial position or prospects of Westpac or the Westpac Group (in so far as the position in relation to any entity in the Westpac Group affects the overall position of Westpac).

Certain of these events will only give rise to a right to terminate if a Joint Lead Manager has reasonable and bona fide grounds to believe that the event has or is likely to have a material adverse effect on the Offer. Termination by one Joint Lead Manager does not automatically terminate the obligations of any other Joint Lead Managers. Under the OMA, if one Joint Lead Manager terminates, the other Joint Lead Managers 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).

2.16 MORE INFORMATION

If you have questions on how to apply for Westpac Subordinated Notes, you should contact the **Westpac Subordinated Notes Information Line on 1300 551 472 (local call cost within Australia) or +61 2 8280 7706 (international) (Monday to Friday, between 8.30am to 5.30pm, Sydney time).**

3

ABOUT WESTPAC

This Section provides information
about Westpac.

OVERVIEW OF WESTPAC'S BUSINESS

The Westpac Group is one of the four major banking organisations in Australia and, through its New Zealand operations, is also 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 near Pacific region and maintains branches and offices in some of the key financial centres around the world.

As at 31 March 2012, Westpac had total assets of \$653.9 billion. Westpac's Ordinary Shares and certain other securities are quoted on ASX and, as at 19 July 2012, Westpac's market capitalisation was approximately \$70.7 billion.

ORGANISATIONAL STRUCTURE

Westpac has three key customer-facing divisions. These divisions are Australian Financial Services, Westpac Institutional Bank and Westpac New Zealand.

Australian Financial Services (AFS) is responsible for Westpac's Australian retail banking, business banking and wealth operations and incorporates the operations of Westpac Retail & Business Banking (**Westpac RBB**), St. George Banking Group and BT Financial Group (Australia) (**BTFG**).

- Westpac RBB is responsible for sales and service for 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 nationwide 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 and mobile channels.
- St. George Banking Group is responsible for sales and service for 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. 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.

- 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, private banking, financial planning as well as margin lending and broking. 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), Licensee Select, BT Select, Securitor, and the advice, private banking and insurance operations of Bank of Melbourne, BankSA, St. George and Westpac.

AFS also includes the product and risk responsibilities for Australian banking.

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, the United Kingdom and Asia.

ABOUT WESTPAC

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), a branch of Westpac, which is incorporated in Australia. The division 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 brand while insurance and wealth products are provided under the 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** – which encompasses technology, banking operations, legal and property services;
- **Group Treasury** – which is primarily focused on the management of interest rate risk and funding requirements of the Westpac Group; and
- **Core Support** – which comprises those functions performed centrally, including finance, risk and human resources.

FINANCIAL INFORMATION¹⁰

Westpac's statutory net profit after tax for the year ended 30 September 2011 was \$6,991 million, an increase of 10% compared to \$6,346 million for the year ended 30 September 2010. Cash earnings¹¹ for the year ended 30 September 2011 were \$6,301 million, an increase of 7% compared to \$5,879 million for the year ended 30 September 2010.

Westpac's statutory net profit after tax for the half year ended 31 March 2012 was \$2,967 million, a decrease of \$994 million or 25% compared to the half year ended 31 March 2011. Cash earnings¹² for the half year ended 31 March 2012 were \$3,195 million, an increase of \$27 million or 1% compared to the half year ended 31 March 2011.

Westpac declared a fully franked interim dividend of 82 cents per Ordinary Share for the half year ended 31 March 2012, an increase of 8% compared to the half year ended 31 March 2011.

Further financial and other information for Westpac can be obtained from Westpac's 2011 Annual Report, Westpac's 2012 Interim Report and Westpac's Subordinated Notes Offer Investor Presentation (issued on the date of the Initial Information Memorandum) which are available on the Westpac website at www.westpac.com.au/investorcentre.

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 like Westpac.

Australia's risk-based capital adequacy guidelines are generally consistent with the *International Convergence of Capital Measurement and Capital Standards: A Revised Framework*, also known as Basel II, issued by the Basel Committee on Banking Supervision (**BCBS**), except where APRA has exercised certain discretions. APRA requires Australian banks (including Westpac) to maintain a minimum ratio of capital to risk-adjusted assets of at least 8%. At least half of this capital (i.e. 4%) must be in the form of Tier 1 Capital. The balance of eligible capital can be held in the form of Tier 2 Capital, subject to limitations.

10. Unless otherwise specified, the 30 September 2011 financial information has been extracted from Westpac's 2011 Annual Report, including the statutory audited financial statements for the period ending 30 September 2011. Unless otherwise specified, the 31 March 2012 financial information has been extracted from Westpac's 2012 Interim Report for the period ending 31 March 2012.

11. 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 2011 Full Year Results. Westpac's 2011 Full Year Results are available on the Westpac website at www.westpac.com.au/investorcentre.

12. Cash earnings is calculated by adjusting statutory reviewed 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 reviewed results, refer to page 5 of Westpac's 2012 Interim Results. Westpac's 2012 Interim Results are available on the Westpac website at www.westpac.com.au/investorcentre.

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.

Regulatory Change

In December 2010, the BCBS released the final text of the Basel III capital framework (revised in June 2011). The framework 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 of 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 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 30 March 2012, APRA released a discussion paper on the implementation of Basel III together with drafts of the revised capital adequacy standards that will govern the implementation of the Basel III capital framework in Australia. Based on the discussion paper and draft standards, Westpac believes it is well placed to meet the new capital requirements within the timeframes proposed. However, until APRA's final prudential standards are issued, the full extent of the impact on the Westpac Group cannot be confirmed.

Prudential Capital Classification

For capital adequacy purposes, a bank's capital base is the sum of Tier 1 Capital and Tier 2 Capital, net of specified deductions. Under current prudential standards, Tier 2 Capital includes other components of capital that, to varying degrees, fall short of the quality of Tier 1 Capital, but nonetheless contribute to the overall strength of a bank and its capacity to absorb losses.

APRA has advised Westpac that Westpac Subordinated Notes are eligible for inclusion as Tier 2 Capital under APRA's current prudential standards. APRA has also advised Westpac that Westpac Subordinated Notes are expected to be eligible for transitional treatment as Tier 2 Capital when APRA's prudential standards are updated as a result of its implementation of the Basel III reforms, from 1 January 2013.

CAPITAL RATIOS

As Westpac is an ADI regulated by APRA and is required to hold capital in accordance with APRA's prudential guidelines, Westpac calculates various capital ratios. The Tier 1 Capital ratio and Total Capital ratio for Westpac as at 31 March 2012 were 9.8% and 10.8% respectively. These percentages may increase or decrease in the future. Both ratios were in excess of prudential capital requirements. Further information on Westpac's capital ratios is provided in Westpac's 2011 Annual Report and Westpac's 2012 Interim Report.

IMPACT OF THE OFFER

The proceeds of the Offer will be used by Westpac for general funding purposes. The Offer will not have a material impact on Westpac's cash flow. The anticipated proceeds of the Offer represent less than 0.35% of Westpac Group's total liabilities as at 31 March 2012.

4

KEY RISKS

This Section describes some of the potential risks that you should consider in deciding whether to invest in Westpac Subordinated Notes, including risks which relate specifically to the Westpac Subordinated Notes and risks associated with Westpac's business that may affect the Westpac Subordinated Notes. The risks contained in this Section are not exhaustive.

4.1 RISKS RELATING TO WESTPAC SUBORDINATED NOTES

Westpac Subordinated Notes are subordinated and unsecured debt obligations of Westpac	<p>In the event of a Winding-Up of Westpac, there is a risk that you may lose some or all of your investment in Westpac Subordinated Notes and any interest payments that are due and unpaid at that time if there are insufficient assets to satisfy creditors (including claims of depositors and unsubordinated creditors) of Westpac whose claims rank ahead of, or equally with, the Westpac Subordinated Notes.</p>
Investments in Westpac Subordinated Notes are not deposit liabilities of Westpac and are not protected accounts	<p>Westpac Subordinated Notes are not deposit liabilities of Westpac, nor protected accounts for the purposes of the Banking Act or Financial Claims Scheme and are not guaranteed or insured by any government agency or any other person. No other member of the Westpac Group is liable to you in respect of the Westpac Subordinated Notes.</p>
The Interest Rate will fluctuate	<p>The Interest Rate on Westpac Subordinated Notes is a floating rate, equal to the sum of the 90 day Bank Bill Rate plus the fixed Margin. The 90 day Bank Bill Rate will fluctuate and therefore the Interest Rate for one period can be different to the Interest Rate for another period. Over the term of the Westpac Subordinated Notes, the Interest Rate may be lower or higher than the initial Interest Rate set on the Issue Date.</p> <p>If the Interest Rate decreases, there is a risk that the return on the Westpac Subordinated Notes may become less attractive compared to returns on other investments (including other securities and products of Westpac and of other issuers).</p>
Holders cannot redeem Westpac Subordinated Notes early	<p>You have no right to request redemption prior to the Maturity Date. Therefore, to realise your investment you would have to sell your Westpac Subordinated Notes at the prevailing market price. Westpac does not guarantee that you will be able to sell your Westpac Subordinated Notes on ASX at acceptable prices or at all.</p>
Westpac may redeem Westpac Subordinated Notes early	<p>Subject to APRA's prior written consent, Westpac may redeem the Westpac Subordinated Notes before the Maturity Date for certain taxation or regulatory reasons or on an Interest Payment Date falling on or after 23 August 2017.</p> <p>This means that depending on market conditions at the time, you may not be able to reinvest the amount you receive on redemption at a similar rate of return or a rate of return that was expected on Westpac Subordinated Notes if held until their Maturity Date.</p> <p>There can be no certainty that Westpac will choose to redeem the Westpac Subordinated Notes early, nor that APRA would provide its consent in respect of any early redemption.</p>

KEY RISKS

The market price of Westpac Subordinated Notes may fluctuate

The market price of Westpac Subordinated Notes may fluctuate and trade below their Face Value for various reasons including changes in interest rates, credit margins, movements in the market price of Ordinary Shares or other debt securities issued by Westpac, the financial performance of Westpac and general economic conditions.

There is a risk that one or more of these factors may cause the market value of your Westpac Subordinated Notes to decline and trade at a market price below their Face Value. The market price of Westpac Subordinated Notes may be more sensitive to changes in interest rates and credit spreads than the price of Ordinary Shares or comparable securities issued by Westpac or other entities.

Westpac does not guarantee the market price of Westpac Subordinated Notes. This means that you may lose some of your investment if you sell your Westpac Subordinated Notes at a time when the market price of the Westpac Subordinated Notes is lower than the price at which the Westpac Subordinated Notes were acquired.

The liquidity of Westpac Subordinated Notes may be low

The market for the Westpac Subordinated Notes may not be liquid and may be less liquid than the market for Ordinary Shares and other comparable securities issued by Westpac or other issuers. If liquidity is low, there is a risk that, if you wish to sell your Westpac Subordinated Notes prior to the Maturity Date, you may not be able to do so at an acceptable price, or at all.

Westpac may default on payment of Face Value, interest or other amount

There is a risk that Westpac may default on payment of some or all of the Face Value, interest or other amounts payable on the Westpac Subordinated Notes.

If Westpac is not Solvent at the time the payment is due, or will not be Solvent immediately after making the payment, no payment will be made and Westpac's failure to pay will not be an Event of Default.

If an Event of Default occurs due to non-payment, you can bring proceedings:

- to recover any amount then due and payable but unpaid on your Westpac Subordinated Notes (subject to Westpac being able to make the payment and remain Solvent);
- to obtain an order for specific performance of any other obligation in respect of your Westpac Subordinated Note; or
- for a Winding-Up of Westpac.

There is a risk that you may not recover the entire amount owed even if you bring proceedings against Westpac.

No other remedies are available to Holders in respect of non-payment prior to a Winding-Up to enforce any obligation in respect of the Westpac Subordinated Notes.

<p>Westpac may issue further securities</p>	<p>Westpac Subordinated Notes do not in any way restrict Westpac from issuing further senior debt, deposits or other obligations or securities that:</p> <ul style="list-style-type: none"> • rank for the payment of principal or interest (including on the Winding-Up of Westpac) after, equally with, or ahead of Westpac Subordinated Notes and whether or not secured; • have the same or different maturities as Westpac Subordinated Notes; • have the same or different dividend, interest or distribution rates as Westpac Subordinated Notes; and • have the same or different terms and conditions as Westpac Subordinated Notes. <p>An investment in Westpac Subordinated Notes carries no right to participate in any future issue of securities by Westpac.</p> <p>No prediction can be made as to the effect, if any, which the future issue of securities by Westpac may have on the market price or liquidity of the Westpac Subordinated Notes or Westpac’s financial position or performance.</p>
<p>Westpac may vary the Conditions</p>	<p>Westpac may vary the Conditions without the consent of the Holders in certain specific circumstances. Westpac may also vary the Conditions if the variation has been approved by the Holders in accordance with the Deed Poll. Variations under these powers are binding on all Holders despite the fact that a Holder may not agree with the variation. Westpac must not vary the Conditions without the prior written consent of APRA where the variation may affect the eligibility of the Westpac Subordinated Notes as Tier 2 Capital.</p>
<p>Westpac may be subject to regulatory intervention</p>	<p>Westpac is a prudentially regulated entity subject to the requirements of, among other things, the Banking Act and the prudential standards set by APRA. The Banking Act includes a number of broad powers and restrictions that may be adverse to Holders, including power for APRA to appoint a statutory manager to Westpac in certain circumstances or direct Westpac to do or not to do certain things, including making or not making payments or to conduct Westpac’s business in a particular way. The Banking Act also limits the rights of persons dealing with Westpac in certain circumstances, such as where a statutory manager has been appointed or where APRA has given a direction to Westpac under the Banking Act.</p>

KEY RISKS

Holders may be subject to FATCA withholding and information reporting in relation to the Westpac Subordinated Notes

It is possible that, in order to comply with FATCA, Westpac (or if Westpac Subordinated Notes are held through another financial institution, such other financial institution) may be required (pursuant to an agreement with the US Internal Revenue Service (**IRS**) or under applicable law) to request certain information from Holders or beneficial owners of Westpac Subordinated Notes, which information may be provided to the IRS, and to withhold US tax on some portion of payments made after 31 December 2016 with respect to Westpac Subordinated 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 laws or are otherwise exempt from complying with the requirement to enter into a FATCA agreement with the IRS). If Westpac or any other person is required to withhold amounts under or in connection with FATCA from any payments made in respect of Westpac Subordinated Notes, Holders and beneficial owners of Westpac Subordinated Notes will not be entitled to receive any gross up or additional amounts to compensate them for such withholding. This description is based on guidance issued to date by the IRS, including recently issued proposed regulations. Future guidance may affect the application of FATCA to Westpac Subordinated Notes.

4.2 RISKS RELATING TO WESTPAC

Westpac is subject to risks that can adversely impact its business, results of operations, financial condition and future performance. If any of the following risks occur, Westpac's business, results of operations, financial condition or future performance could be materially adversely affected, with the result that the trading price of its securities could decline and you could lose all, or part, of your investment. You should carefully consider the risks described below and all other information in this Information Memorandum before investing in Westpac Subordinated Notes. The risks and uncertainties described below are not the only ones Westpac may face. Additional risks and uncertainties that Westpac is unaware of, or that it currently deems to be immaterial, may also become important factors that affect Westpac.

Westpac's businesses are highly regulated and 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, 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 Westpac's businesses. In Australia, the relevant regulatory authorities include APRA, Reserve Bank of Australia (**RBA**), ASIC, ASX, Australian Competition and Consumer Commission (**ACCC**) and Australian Transaction Reports and Analysis Centre (**AUSTRAC**). The Reserve Bank of New Zealand (**RBNZ**) 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, as well as meeting its ethical standards.

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 could have a material adverse effect on 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, particularly in the areas of funding, liquidity, capital adequacy and prudential regulation. One example of this is the announcement in December 2010 by BCBS of 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 comes into effect from 1 January 2013, subject to various transitional arrangements.

There has also been a series of other regulatory releases from authorities in the various jurisdictions in which Westpac operates 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 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 be inconsistently introduced across jurisdictions.

Changes may also occur in the oversight approach of regulators. It is possible that governments in jurisdictions in which Westpac does business 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.

KEY RISKS

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 that 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 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 have a material adverse effect on Westpac's business, financial performance, financial condition or prospects.

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. Focus has also extended to the United States following Standard & Poor's downgrade of the sovereign credit rating of the United States in August 2011. Adding to the uncertainty has been a slowing in the economic outlook for a number of countries, including China. 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 31 March 2012, approximately 39% of Westpac's total net funding originated from domestic and international wholesale markets, of this around 58% 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, results of operations, liquidity, capital resources and 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 position.

Failure to maintain 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 its 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 and structural considerations regarding the Australian financial system. A credit rating downgrade could be driven by the occurrence of one or more of the other risks identified in this Section or by other events including changes to the methodologies used by the rating agencies to determine ratings.

Standard & Poor's announced that it was changing its methodology for determining bank ratings and published its initial proposals on 6 January 2011. Following a review period, the new criteria were finalised 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 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.

KEY RISKS

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. Recently there has been an increased focus on the potential for sovereign debt defaults and/or significant bank failures in the 17 countries comprising the Eurozone which has 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.

Any such market and economic disruptions could have a material adverse effect on 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 Westpac's 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 businesses, financial performance, financial condition and prospects 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.

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

Declines in Australian, New Zealand or other asset markets, including equity, 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.

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 negatively impact the Australian economy and Westpac's customers. This 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 would negatively impact Westpac's business, financial performance, financial condition and prospects.

An increase in defaults in credit exposures could adversely affect Westpac's results of operations, liquidity, capital resources and financial condition

Credit risk is a significant risk and arises primarily from Westpac's lending activities. The risk arises from the likelihood 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 its 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 would adversely affect Westpac's operating results, liquidity, capital resources and financial condition.

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 materially adversely affect Westpac's results of operations by diverting business to its competitors or creating pressure to lower margins.

KEY RISKS

Increased competition for deposits could also increase Westpac's cost of funding and need 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 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 results of operations, financial performance and financial condition.

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 it may adversely affect its results of operations, liquidity, capital resources and financial condition.

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, reputational damage and claims for compensation, which could adversely affect Westpac's results of operations and financial performance.

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 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 results of operations.

Operational risk is the risk of loss resulting from technology failure, inadequate or failed internal processes, people and systems or from external events. As a financial services organisation, Westpac 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 its computer systems, software and networks 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 financial condition and results of operations.

Westpac is also highly dependent on the conduct of its employees. Westpac could, for example, be adversely affected if human error results in a process error 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 results of operations, financial performance or financial condition and its reputation.

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 and 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 its financial performance or financial condition.

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 develop in the future, risks that Westpac has not anticipated or identified or controls may not operate effectively.

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 financial performance or financial condition.

KEY RISKS

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 financial performance or financial condition.

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.

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 results of operations, financial performance or financial condition.

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

AUSTRALIAN TAXATION

This summary contains a general description of the Australian taxation consequences of acquiring, holding and disposing of Westpac Subordinated Notes.

This summary does not constitute legal or taxation advice and is of a general nature only. The actual taxation consequences of acquiring, holding and disposing of Westpac Subordinated Notes will vary depending upon your particular circumstances. You should obtain independent professional advice relating to your own specific circumstances and should not rely on the following summary.

AUSTRALIAN TAXATION

This summary applies only to an individual Holder who acquires, holds and disposes of Westpac Subordinated Notes as a capital investment. In particular, it does not apply to a Holder which is a company, trust or other type of entity and it does not apply to a Holder who acquires, holds or disposes of Westpac Subordinated Notes as part of the conduct of a business. This summary does not apply to a resident Holder who carries on business at or through a permanent establishment outside Australia or a non-resident Holder who carries on business at or through a permanent establishment in Australia.

5.1 AUSTRALIAN RESIDENT INDIVIDUALS

Receipt of interest and Additional Amounts

The Westpac Subordinated Notes should be “debt interests” for the purpose of the Tax Act. Payments of interest in respect of Westpac Subordinated Notes (and payments of any Additional Amounts which may become payable in respect of Westpac Subordinated Notes) should be included in the assessable income of an Australian resident Holder.

Whether interest and Additional Amounts should be recognised as assessable income on a cash receipts or accruals basis will depend on the individual circumstances of the Holder, and whether the Holder is subject to Division 230 of the Tax Act (concerning the taxation of financial arrangements) (discussed below).

Disposal of Westpac Subordinated Notes

Westpac Subordinated Notes should be “traditional securities” for the purposes of the Tax Act. On this basis, any gain (i.e. where the amount received on sale or redemption exceeds the cost of subscribing for or purchasing the Westpac Subordinated Notes) made by the Holder on the sale or redemption of Westpac Subordinated Notes should be included in the assessable income of the Holder. Where the Holder’s proceeds of disposal or redemption are less than the cost to the Holder, the Holder may claim a deduction for the loss in the income year in which the disposal or redemption occurs.

A capital gains tax (CGT) event should also happen on the disposal or redemption of the Westpac Subordinated Notes. Any capital gain or loss should generally be disregarded to the extent that a gain is included in the Holder’s assessable income (or the Holder is entitled to a deduction for the loss) in respect of the disposal or redemption.

5.2 NON-AUSTRALIAN RESIDENT INDIVIDUALS

Receipt of interest and Additional Amounts

If a non-resident Holder holds Westpac Subordinated Notes, interest withholding tax would usually be payable on interest paid by Westpac to the Holder unless an exemption from withholding tax applies. Interest paid to a non-resident Holder should be exempt from interest withholding tax and should not otherwise be subject to Australian income tax because Westpac intends to issue the Westpac Subordinated Notes in a manner which would satisfy the requirements of the interest withholding tax exemption in Section 128F of the Tax Act. If Westpac fails to satisfy the requirements of that interest withholding tax exemption, Westpac would be required to pay Additional Amounts to a non-resident Holder (unless certain exceptions apply including that the withholding is required because the Holder is an associate of Westpac). However, in that case, Westpac would have the right to require early redemption of all of the Westpac Subordinated Notes.

Disposal of Westpac Subordinated Notes

A non-resident Holder would generally not be subject to Australian taxation on a gain (or loss) from the sale or redemption of Westpac Subordinated Notes, provided that any gain (or loss) made from that sale or redemption does not have an Australian source. The application of the source rules depend heavily on the particular facts and circumstances of each case, and can be uncertain. Generally, any gain from the sale or redemption of Westpac Subordinated Notes by a non-resident Holder should not be from Australian sources if the non-resident Holder acquired, held and disposed of the Westpac Subordinated Notes outside Australia.

Even if a gain from the sale or redemption of Westpac Subordinated Notes by a non-resident Holder has

an Australian source, that gain may be exempt from Australian taxation under the provisions of an applicable double tax treaty between Australia and the country of residence of the Holder. A non-resident Holder of Westpac Subordinated Notes is not subject to Australian capital gains tax on the sale or redemption of Westpac Subordinated Notes which are not held in connection with a business conducted at or through a permanent establishment in Australia.

5.3 APPLICATION OF DIVISION 230

Westpac Subordinated Notes would be “financial arrangements” for the purposes of Division 230 of the Tax Act. Division 230 represents a code for the taxation of receipts and payments in relation to financial arrangements. However, these provisions generally do not apply to an individual or to certain other entities which meet various turnover or asset thresholds, unless they elect for Division 230 to apply to all of their financial arrangements.

The consequences of Division 230 applying to a Holder will depend upon, for example, whether the Holder is a resident or non-resident of Australia, and whether the Holder chooses to apply any of the elective methods of recognising gains or losses from financial arrangements.

Division 230 should not apply to a payment of interest or Additional Amounts to a non-resident Holder because such payments should be exempt from interest withholding tax (refer above).

5.4 PROVISION OF TFN OR ABN

A Holder is not required to quote a TFN or ABN to Westpac in connection with the acquisition of Westpac Subordinated Notes. However, Westpac will be required to withhold and remit to the ATO a portion (currently 46.5%) of any interest (and Additional Amounts) payable on Westpac Subordinated Notes to a Holder who has not validly quoted a TFN (or in certain circumstances an ABN) in connection with the acquisition of Westpac Subordinated Notes (or has not provided evidence of an applicable exemption from withholding). Where withholding is required, the Holder should be entitled to claim from the ATO a credit for the amount which Westpac withheld from that Holder and remitted to the ATO. No Additional

Amounts are payable to a Holder if withholding is required because that Holder did not validly quote a TFN, ABN or provide evidence of an applicable exemption.

If Westpac issues the Westpac Subordinated Notes in a manner which satisfies the interest withholding tax exemption in Section 128F of the Tax Act, then Westpac should not be required to make any TFN withholding in respect of the payments of interest to a non-resident Holder who does not hold the Westpac Subordinated Notes in connection with a business conducted at or through a permanent establishment in Australia.

5.5 2012-2013 COMMONWEALTH BUDGET ANNOUNCEMENT

As part of the 2012-2013 Commonwealth Budget, the Federal Government announced that it would ensure that on commencement of the Basel III capital reforms on 1 January 2013, certain capital instruments issued by ADIs can be treated as debt for income tax purposes. No details in relation to these changes have been released. It is not clear whether the announced changes would apply to the Westpac Subordinated Notes, because the Westpac Subordinated Notes do not contain the contractual terms referred to in the budget announcement. In any case, it is expected that the announced changes would not affect the summary above.

5.6 GST AND STAMP DUTY

A Holder of Westpac Subordinated Notes will generally not be subject to any Australian GST or stamp duties in any Australian State or Territory in respect of the acquisition, holding, sale or redemption of Westpac Subordinated Notes or the receipt of interest payable on Westpac Subordinated Notes.

A

APPENDIX A CONDITIONS OF WESTPAC SUBORDINATED NOTES

1 CONSTITUTION

1.1 Deed Poll, Westpac Subordinated Notes Register and Face Value

Westpac Subordinated Notes are:

- a. fully paid, registered debt obligations of Westpac;
- b. designated as being of a particular series as set out in the Information Memorandum dated 23 July 2012 published by Westpac;
- c. subordinated to claims of Senior Creditors of Westpac;
- d. constituted by, owing under, and subject to the Deed Poll;
- e. take the form of entries in the Westpac Subordinated Notes Register; and
- f. denominated in Australian dollars and have a Face Value of A\$100 per Westpac Subordinated Note.

1.2 Westpac Subordinated Notes Register conclusive

Entries in the Westpac Subordinated Notes Register constitute conclusive evidence that the person so entered is the Holder of the relevant Westpac Subordinated Notes, subject to:

- a. rectification for fraud or manifest or proven error; and
- b. the other provisions of these Conditions and the Deed Poll.

1.3 Transfer and title

The Deed Poll contains provisions with respect to the transfer of Westpac Subordinated Notes. Title to Westpac Subordinated Notes is acquired and passes when details of the acquisition or transfer are entered in the Westpac Subordinated Notes Register in accordance with the Deed Poll.

1.4 Independent obligations

The obligations of Westpac in respect of each Westpac Subordinated Note constitute separate and independent obligations which the Holder is entitled to enforce without having to join any other Holder or any predecessor in title of a Holder.

1.5 No certificates

No certificate or other evidence of title will be issued by or on behalf of Westpac to evidence title to Westpac

Subordinated Notes unless Westpac determines that certificates should be made available or it is required to do so pursuant to any applicable law.

1.6 CHES

While a Westpac Subordinated Note remains in CHES:

- a. the rights of a person holding an interest in the Westpac Subordinated Note; and
- b. all dealings (including transfers and payments) in relation to the Westpac Subordinated Note,

will be governed by and subject to the rules and regulations of CHES. To the extent of any inconsistency with these Conditions, the rules and regulations of CHES will prevail.

1.7 No other rights

Westpac Subordinated 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 Conditions.

2 STATUS AND SUBORDINATION

2.1 Not deposits or protected accounts

Westpac Subordinated Notes are not:

- a. deposits with, nor deposit liabilities of, Westpac;
- b. protected accounts for the purposes of the depositor protection provisions of the Banking Act or the financial claims scheme established under the Banking Act; nor
- c. guaranteed or insured by the Australian Government or under any compensation scheme of the Australian Government, or by any other government, under any other compensation scheme or by any government agency or any other party.

The liabilities which will rank in priority to the claim of a Holder of a Westpac Subordinated Note are substantial and these Conditions do not limit the amount of such liabilities which may be incurred or assumed by Westpac from time to time.

CONDITIONS OF WESTPAC SUBORDINATED NOTES

2.2 Status

Westpac Subordinated Notes constitute direct and unsecured subordinated obligations of Westpac and rank *pari passu* without any preference among themselves and, in a Winding-Up, rank at least *pari passu* with all other unsecured Subordinated Indebtedness of Westpac having a fixed maturity date.

2.3 Conditions to payment

The obligation of Westpac prior to the commencement of a Winding-Up to make payments of principal, interest or Additional Amounts when due is conditional upon Westpac being Solvent immediately before and after payment by it.

Prior to the commencement of a Winding-Up:

- a. the obligations of Westpac to make payments of principal, interest or Additional Amounts in respect of a Westpac Subordinated Note shall be conditional upon Westpac being Solvent at the time the payments and other amounts owing fall due; and
- b. no payment of principal, interest or Additional Amounts shall be made in respect of a Westpac Subordinated Note, except to the extent that Westpac may make such payment and still be Solvent immediately after doing so.

A certificate as to whether Westpac is Solvent signed by two authorised signatories of Westpac or, if Westpac is in Winding-Up, the Liquidator, shall, in the absence of fraud or manifest or proven error, be conclusive evidence of the information contained in that certificate. In the absence of such a certificate, a Holder of a Westpac Subordinated Note shall be entitled to assume (unless the contrary is proved) that Westpac is and will after any such payment be Solvent.

For the avoidance of any doubt:

- i. interest will continue to accrue on any principal not paid as a consequence of this Condition 2.3 at the Interest Rate; and
- ii. any interest or Additional Amount not paid as a consequence of this Condition 2.3 accumulates with compounding.

Any amount not paid as a consequence of this Condition 2.3 remains a debt owing to the Holder

by Westpac until it is paid and shall be payable on the first date on which paragraphs (a) and (b) of this Condition 2.3 would allow payment of that amount (whether or not such date is otherwise an Interest Payment Date).

2.4 Winding-Up

The rights and claims of Holders of Westpac Subordinated Notes are, in a Winding-Up, subordinated to claims of Senior Creditors of Westpac.

In a Winding-Up, the rights and claims of Holders of Westpac Subordinated Notes against Westpac to recover any sums payable in respect of such Westpac Subordinated Notes:

- a. shall be subordinate and junior in right of payment to the obligations of Westpac to Senior Creditors, to the extent that all such obligations to Senior Creditors shall be entitled to be paid in full before any payment shall be paid on account of any sums payable in respect of such Westpac Subordinated Notes; and
- b. shall rank *pari passu* and rateably (as to its due proportion only) with other subordinated creditors of Westpac in respect of Subordinated Indebtedness having a fixed maturity date.

Until Senior Creditors have been paid in full, Holders of Westpac Subordinated Notes must not claim in the Winding-Up in competition with Senior Creditors so as to diminish any distribution, dividend or payment which, but for that claim, Senior Creditors would have been entitled to receive.

In a Winding-Up, Holders of Westpac Subordinated Notes shall only be entitled to prove for any sums payable in respect of Westpac Subordinated Notes as a debt which is subject to prior payment in full of, Senior Creditors, and Holders of Westpac Subordinated Notes waive, to the fullest extent permitted by law, any right to prove in any such Winding-Up as a creditor ranking for payment in any other manner.

2.5 No Set-Off

Neither Westpac nor any Holder of Westpac Subordinated Notes shall be entitled to set off or otherwise apply or reduce in any way (through merger, lien, combination of accounts or exercise of

any rights of counterclaim or otherwise) any amounts due in respect of Westpac Subordinated Notes held by a Holder against, or with respect to, any amount of any nature owed by the Holder to Westpac (whether prior to, or following, any Winding-Up).

2.6 Clawback

Each Holder of a Westpac Subordinated Note irrevocably acknowledges and agrees that it must pay or deliver to the Liquidator any payment or asset, whether voluntary or in any other circumstances, received by the Holder from or on account of Westpac (including by way of credit, set-off or otherwise) or from any Liquidator (or any provisional or other liquidator, receiver, manager or statutory manager of Westpac) in breach of this Condition 2 or Condition 5.

2.7 Other provisions

Each Holder of a Westpac Subordinated Note:

- a. irrevocably acknowledges and agrees that this Condition 2 constitutes a debt subordination for the purposes of section 563C of the Corporations Act;
- b. must not exercise its voting rights as an unsecured creditor in the Winding-Up of Westpac to defeat the subordination in this Condition 2; and
- c. irrevocably acknowledges and agrees that the subordination in this Condition 2 is not affected by any act or omission of Westpac or a Senior Creditor which might otherwise affect it at law or in equity.

No consent of any Senior Creditor shall be required to any amendment of this Condition 2 in relation to any outstanding Westpac Subordinated Notes.

3 INTEREST

3.1 Payment of interest

Interest is payable on the Face Value of a Westpac Subordinated Note from (and including) the date on which it is issued to (but excluding) its Maturity Date or any earlier Redemption Date at the Interest Rate.

The **Interest Rate** (expressed as a percentage per annum) is the sum of the Margin and the Bank Bill Rate.

3.2 Interest Payment Dates

Interest in respect of a Westpac Subordinated Note is payable quarterly in arrear on 23 February, 23 May, 23 August and 23 November of each year, commencing on 23 November 2012 to and including the Maturity Date or any earlier Redemption Date (each an **Interest Payment Date**).

3.3 Calculation of interest

The amount of interest payable on each Westpac Subordinated Note on an Interest Payment Date will be calculated in accordance with the following formula:

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

Where **N** is the number of days in the period (an **Interest Period**) from (and including) the preceding Interest Payment Date (or in the case of the first period, the date on which the Westpac Subordinated Note is issued) to (but excluding) that Interest Payment Date (which, in the case of the last period, is the Maturity Date or earlier Redemption Date of that Westpac Subordinated Note).

3.4 Interest continues to accrue

If payment of principal in respect of a Westpac Subordinated Note is improperly withheld or refused when due and payable, interest will continue to accrue (after as well as before any demand or judgment) on the amount improperly withheld or refused at the Interest Rate in the manner provided in Condition 3 until (but excluding) the date such amount is paid.

3.5 Notification

In relation to each Interest Period, Westpac must notify ASX and the Registrar of the Interest Rate and the amount of interest payable on each Westpac Subordinated Note.

Westpac must give notice under this Condition 3.5 as soon as practicable after it makes its calculations and, in any event by no later than the fifth Business Day of the relevant Interest Period.

Westpac may amend the calculation of any amount (or make appropriate alternative arrangements by

CONDITIONS OF WESTPAC SUBORDINATED NOTES

way of adjustment) as a result of the extension or reduction of an Interest Period without prior notice, but must notify ASX and the Registrar promptly after doing so.

3.6 Calculations final

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

4 REDEMPTION AND PURCHASE

4.1 Scheduled redemption

A Westpac Subordinated Note must be redeemed by Westpac on its Maturity Date at its Face Value together with accrued interest unless:

- a. it has been previously redeemed; or
- b. it has been previously purchased by Westpac and cancelled.

4.2 Early redemption: tax reasons

If Westpac is required by law to pay an Additional Amount in accordance with Condition 7, then Westpac may redeem all (but not some only) Westpac Subordinated Notes at their Face Value together with accrued interest (if any).

4.3 Early redemption: loss of deductibility

If Westpac determines that interest payable on Westpac Subordinated Notes is not or may not be allowed as a deduction for the purposes of Australian income tax, then Westpac may redeem all (but not some only) Westpac Subordinated Notes at their Face Value together with accrued interest (if any).

4.4 Early redemption: not regulatory capital

If Westpac determines that:

- a. Westpac Subordinated Notes have ceased, or will cease, to qualify as, or be able to be recognised as, either Tier 2 Capital or transitional Tier 2 Capital under the Basel III Documents, except where Westpac has exceeded a limit on the recognition of Tier 2 Capital or transitional Tier 2 Capital under the Basel III Documents; or

- b. the recognition of, and/or transitional arrangements for recognising, Tier 2 Capital or transitional Tier 2 Capital after 1 January 2013 which are set out in the Basel III Documents are, or will be applied, (in respect of the Westpac Subordinated Notes) in a manner which is in any way more adverse to Westpac than on the date of issue of the Westpac Subordinated Notes,

then Westpac may redeem all (but not some only) Westpac Subordinated Notes at their Face Value together with accrued interest (if any).

4.5 Early redemption: option of Westpac

Westpac may redeem all or some Westpac Subordinated Notes at their Face Value together with accrued interest (if any) on any Interest Payment Date on or after the Interest Payment Date falling on 23 August 2017.

If some Westpac Subordinated Notes are to be redeemed under this Condition they will be specified in the notice and selected:

- a. in a fair and reasonable manner; and
- b. in compliance with any applicable law, directive or requirement of ASX.

4.6 Consent of APRA

Westpac must obtain the prior written consent of APRA to any early redemption of Westpac Subordinated Notes under this Condition 4.

4.7 Notice of early redemption

Westpac must give at least 15 Business Days (and no more than 45 Business Days) notice to the Registrar, the Holders and ASX of any early redemption of Westpac Subordinated Notes in accordance with this Condition 4.

4.8 Notice irrevocable

Any notice of early redemption given under this Condition 4 is irrevocable.

4.9 No Holder option for early redemption

A Holder cannot require Westpac to redeem a Westpac Subordinated Note prior to the Maturity Date.

4.10 Purchase

Westpac or any of its controlled entities, subject to prior written approval having been obtained from APRA, may at any time purchase Westpac Subordinated Notes in the open market or otherwise and at any price. All unmatured Westpac Subordinated Notes purchased in accordance with this Condition 4.10 may be held, resold or cancelled at the discretion of Westpac, subject to compliance with applicable law.

For the purposes of the meetings provisions contained in the Deed Poll, in determining whether the provisions relating to quorum are complied with, any Westpac Subordinated Notes held in the name of Westpac or any of its controlled entities will be disregarded.

5 EVENTS OF DEFAULT

5.1 Events of Default

An Event of Default occurs in relation to a Westpac Subordinated Note if:

- a. Westpac fails to pay:
 - i. any amount of principal in respect of a Westpac Subordinated Note within seven Business Days of the Maturity Date; or
 - ii. any amount of interest in respect of a Westpac Subordinated Note within 14 Business Days of the due date for payment, unless, prior to the commencement of a Winding-Up, the failure is the result of Westpac not being Solvent at the time of that payment or if Westpac would not be Solvent as a result of that payment; or
- b. a Winding-Up occurs.

5.2 Consequences of an Event of Default

In the event of an occurrence of an Event of Default set out at Condition 5.1(a), the Holder of any Westpac Subordinated Note may bring proceedings:

- a. to recover any amount then due and payable but unpaid on that Westpac Subordinated Note (subject to Westpac being able to make the payment and remain Solvent);

- b. to obtain an order for specific performance of any other obligation in respect of that Westpac Subordinated Note; or
- c. for a Winding-Up of Westpac.

In the event of an occurrence of an Event of Default set out at Condition 5.1(b) above:

- i. the Westpac Subordinated Notes will, subject to paragraph (ii), without further action, become due and payable and a Holder of any Westpac Subordinated Note may institute proceedings for a Winding-Up or, subject to Condition 2, for proving or claiming in any Winding-Up; and
- ii. no remedy against Westpac (including, without limitation, any right to sue for a sum of damages which has the same economic effect of an acceleration of Westpac's payment obligations), other than the institution of proceedings for the Winding-Up or, subject to Condition 2, for proving or claiming in any Winding-Up, shall be available to Holders of Westpac Subordinated Notes for the recovery of amounts owing in respect of Westpac Subordinated Notes or in respect of any breach by Westpac of any obligation, condition or provision binding on it under these Conditions.

5.3 Rectification

A Holder's right to declare a Westpac Subordinated Note held by it due and payable terminates if the Event of Default giving rise to such right has been cured before such right is exercised.

5.4 Notification

If an Event of Default occurs and is continuing, Westpac must promptly, after becoming aware of it, notify the Registrar, Holders and ASX of the occurrence of the Event of Default and specify details of it.

6 PAYMENTS

6.1 General

All payments in respect of Westpac Subordinated 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;

CONDITIONS OF WESTPAC SUBORDINATED NOTES

- 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 CHESS while Westpac Subordinated Notes remain in CHESS;
 - ii. the particulars recorded in the Westpac Subordinated Notes Register on the relevant Record Date; and
 - iii. these Conditions.
- b. Westpac may send a cheque referred to in Condition 6.3(a)(ii), if relevant, to:
 - i. the address in the Westpac Subordinated Notes Register of the Holder;
 - ii. if that Westpac Subordinated Note is jointly held, the address in the Westpac Subordinated Notes Register of the Holder named first in the register in respect of the Westpac Subordinated Note; or
 - iii. any other address which that person directs in writing.

If the date scheduled for any payment under these Conditions 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 Subordinated Notes, any fraction of a cent will be disregarded.

6.2 Payments to Holders

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

6.3 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 Subordinated 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.

- c. If Westpac decides to make a payment by electronic or other means determined under Condition 6.3(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.
- 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 and any withholding or deduction arising under or in connection with FATCA), 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 Subordinated 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 Condition 6.3(e), even where a Holder later demonstrates that they were not subject to such law, administrative practice or procedure or sanction.

7 TAXATION

7.1 Taxation

All payments in respect of Westpac Subordinated Notes will be made without set-off or counterclaim and free and clear of, and without deduction of or withholding on account of any taxes, levies, duties, charges, deductions or withholding of any nature now or in the future imposed, levied, collected, withheld or assessed by the Commonwealth of Australia (together, **Taxes**) unless such withholding or deduction is required by law.

7.2 Additional Amounts

If a deduction or withholding is made under Condition 7.1 Westpac will pay such additional amounts (**Additional Amounts**) as may be necessary in order that the net amount received by the Holders after such withholding or deduction equals the amount which would otherwise have been receivable in respect of Westpac Subordinated Notes in the absence of such withholding or deduction, except that no Additional Amounts are payable to any Holder who is liable for any Taxes in respect of Westpac Subordinated Notes by reason of the Holder or any other person:

- a. having some connection with the Commonwealth of Australia other than the mere holding of Westpac Subordinated Notes or the receipt of any payment in respect of Westpac Subordinated Notes;
- b. failing to comply with any statutory requirements or make a declaration of non-residence or similar cause for an exemption to any tax authority;
- c. not validly quoting an appropriate Australian tax file number or Australian Business Number or not supplying details of an applicable exemption from these requirements not less than five Business Days prior to the due date;

- d. being an associate of Westpac for the purposes of section 128F(9) of the Income Tax Assessment Act 1936; or
- e. being party to or participating in a scheme to avoid Taxes.

Westpac may deduct tax-at-source on interest payments to a Holder:

- i. at the rate required by applicable law in any of these circumstances; and
- ii. where Westpac is required by any tax authority, including the Australian Tax Office, to deduct from that payment an amount in respect of any Taxes payable by the Holder.

7.3 FATCA

Notwithstanding Conditions 7.1 and 7.2, if any withholding or deduction arises under or in connection with FATCA, Westpac will not be required to pay any further amounts (whether under Condition 7.2 or otherwise) 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.

8 GENERAL

8.1 Further issues

Westpac may from time to time, without the consent of any Holder, issue further Westpac Subordinated Notes having the same terms and conditions in all respects (or in all respects except for their issue date, issue price and first payment of interest) so as to be consolidated with and to form a single series with outstanding Westpac Subordinated Notes.

8.2 Amendment: general provisions

These Conditions may be amended by Westpac without the consent of any Holder for the purposes of curing any ambiguity, correcting or supplementing any defective or inconsistent provisions or in any other manner which Westpac deems necessary or desirable and which, in the opinion of Westpac, does not adversely affect the interests of Holders.

No other amendment to these Conditions in respect of a series of Westpac Subordinated Notes may be made without the prior written consent of the Holders of Westpac Subordinated Notes of that series given in accordance with the Deed Poll.

CONDITIONS OF WESTPAC SUBORDINATED NOTES

8.3 Amendment: regulatory treatment

No amendment to these Conditions which will affect the capital eligibility treatment by APRA of a Westpac Subordinated Note as Tier 2 Capital shall be effective unless and until APRA consents in writing to such amendment.

8.4 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 of Westpac Subordinated Notes and the granting of approvals, consents and waivers.

8.5 Notices

The Deed Poll contains provisions for the giving of notices.

8.6 Governing law

Westpac Subordinated Notes are governed by the laws in force in New South Wales.

9 INTERPRETATION AND DEFINITIONS

9.1 Interpretation

In these Conditions, except where the context otherwise requires:

- a. a **law** includes:
 - i. common law, principles of equity, any decree and any statute or other law made by any parliament (and a statute or other law made by a parliament includes any regulation or other instrument under it, and any consolidation, amendment, re-enactment or replacement of it); and
 - ii. a treaty, official directive, request, regulation, guideline or policy (whether or not in any such case having the force of law) with which responsible participants in the relevant market generally comply;
- b. the singular includes the plural and vice versa;
- c. a **person** includes:
 - i. a firm, body corporate, an unincorporated association or an authority; and
 - ii. a reference to the person's executors, administrators, successors, substitutes (including, without limitation, persons taking by novation) and assigns;
- d. a reference to any thing (including, without limitation, any amount) is a reference to the whole and each part of it;
- e. an agreement, representation or warranty in favour of two or more persons is for the benefit of each of them jointly and each of them individually;
- f. a reference to a group of persons is a reference to all of them collectively and to each of them individually;
- g. the words **including, for example** or **such as** when introducing an example, do not limit the meaning of the words to which the example relates to that example or examples of a similar kind;
- h. another grammatical form of a defined word or expression has a corresponding meaning;
- i. a time of day is a reference to Sydney time;
- j. a reference to a document includes (i) all schedules or annexes to it, and (ii) the document as novated, altered, supplemented or replaced from time to time;
- k. a reference to **Australian dollars** and **A\$** is a reference to the lawful currency of Australia;
- l. a reference to the **Corporations Act** is a reference to the Corporations Act 2001 of Australia and any consolidation, amendment, re-enactment or replacement of it;
- m. a reference to the **Banking Act** is a reference to the Banking Act 1959 of Australia and any consolidation, amendment, re-enactment or replacement of it;
- n. any provision which refers to the requirements of APRA or any other prudential regulatory requirements will apply to Westpac only if Westpac is subject to regulation and supervision by APRA at the relevant time; and
- o. any provision which requires APRA's consent:
 - i. will apply only if APRA requires that such consent be given at the relevant time; and
 - ii. does not imply that APRA has given its consent as of the date of issue of any Westpac Subordinated Note.

9.2 Definitions

In these Conditions, these meanings apply unless the contrary intention appears:

Additional Amount has the meaning specified in Condition 7.2

APRA means the Australian Prudential Regulation Authority.

Assets means, in respect of Westpac, its total non-consolidated gross assets as shown by its latest published audited accounts, but adjusted for events subsequent to the date of such accounts in such manner and to such extent as the directors or, as the case may be, the Liquidator may determine to be appropriate.

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 modifications or waivers granted by ASX.

Bank Bill Rate (expressed as a percentage per annum) is 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 or about 10.30am on the first Business Day of an Interest 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 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 the specified term 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
- b. if bid and offer rates for bills of the specified term are not otherwise available, the rates otherwise bid and offered for funds of that tenor at or around that time on that date.

Basel III Documents means the consultative document titled "A global regulatory framework for more resilient bank and banking systems" which was released by the Basel Committee on Banking Supervision on 16 December 2010 and revised in June 2011 and any related releases, papers, proposals and any draft prudential standards or guidelines published by the Basel Committee on Banking Supervision or APRA (including, without limitation, the draft Prudential Standard APS 160 issued by APRA on 30 March 2012) in effect, or proposed, on the date of issue of the Westpac Subordinated Notes.

Bookbuild means the process conducted by or on behalf of Westpac whereby bids were lodged for the Westpac Subordinated Notes, and, on the basis of those bids, Westpac determined the Margin.

Business Day means a day which is a business day within the meaning of the ASX Listing Rules.

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

Deed Poll means the deed poll entitled "Westpac Subordinated Notes Deed Poll" executed by Westpac and dated 16 July 2012.

Event of Default has the meaning given in Condition 5.1.

Face Value means the face value and denomination of a Westpac Subordinated Note, being A\$100 as specified in Condition 1.1(f).

FATCA means the Foreign Account Tax Compliance Act provisions, sections 1471 through 1474 of the United States Internal Revenue Code (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).

Holder means, in respect of a Westpac Subordinated Note, the person whose name is for the time being entered in the Westpac Subordinated 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 Subordinated Notes Register as the joint owners of the Westpac Subordinated Note.

CONDITIONS OF WESTPAC

SUBORDINATED NOTES

Interest Payment Date means each date specified in Condition 3.2.

Interest Period has the meaning specified in Condition 3.3.

Interest Rate means the rate set out in Condition 3.1.

Liabilities means, in respect of Westpac, its total non-consolidated gross liabilities as shown by its latest published audited accounts, but adjusted for events subsequent to the date of such accounts in such manner and to such extent as the directors or, as the case may be, the Liquidator may determine to be appropriate.

Liquidator means the liquidator or other official responsible for the conduct and administration of a Winding-Up.

Margin means 2.75% per annum.

Maturity Date means 23 August 2022.

Record Date means, in the case of:

- a. payments of interest, the date which is eight calendar days before the relevant Interest 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. payments of principal, a date determined by Westpac and notified to ASX (or such other date as may be prescribed by ASX).

Redemption Date means the date, other than the Maturity Date, on which Westpac Subordinated Notes are to be redeemed in accordance with these Conditions.

Registrar means Link Market Services Limited (ABN 54 083 214 537) or any other registrar that Westpac appoints to maintain a register of Westpac Subordinated Notes in accordance with the Deed Poll.

Senior Creditors means all depositors and other creditors (present and future) of Westpac:

- a. whose claims are admitted in a Winding-Up; and
- b. who are not the holders of indebtedness, the right to repayment of which by its terms is, or is expressed to be, subordinated in a Winding-Up to the claims by all unsubordinated creditors of Westpac.

Solvent means that each of the following is satisfied:

- a. Westpac is able to pay its debts as they fall due; and
- b. Westpac's Assets exceed its Liabilities.

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 Subordinated 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.

Subordinated Indebtedness means any indebtedness (present and future) of Westpac which by its terms is, or is expressed to be, subordinated in a Winding-Up to the claims of its Senior Creditors.

Taxes has the meaning specified in Condition 7.1.

Tier 2 Capital means:

- a. prior to 1 January 2013, Lower Tier 2 capital; and
- b. on and from 1 January 2013, Tier 2 capital, each as defined or described under the standards and guidelines published by APRA from time to time.

Westpac means Westpac Banking Corporation (ABN 33 007 457 141).

Westpac Subordinated Note means an unsecured and subordinated debt obligation of Westpac, constituted by the Deed Poll and designated and evidenced in the manner set out in Condition 1.1 and the Information Memorandum dated 23 July 2012 published by Westpac.

Westpac Subordinated Notes Register means the register of Holders established and maintained by, or on behalf of, Westpac in which is entered the names and addresses of Holders, the amount of Westpac Subordinated Notes held by each Holder, details of the transfer of those Westpac Subordinated Notes and any other particulars which Westpac sees fit.

The term Westpac Subordinated Notes Register includes:

- a. any sub-register maintained by, or on behalf of Westpac under the Corporations Act, the ASX Listing Rules or the ASX Settlement Operating Rules; and
 - b. any branch register,
- provided that, in the event of any inconsistency, the principal register will prevail over any sub-register or branch register.

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 Conditions.

9.3 Headings

Headings are inserted for convenience and do not affect the interpretation of these Conditions.

9.4 Inconsistency with ASX Listing Rules

So long as Westpac Subordinated Notes are quoted on ASX, these Conditions as they relate to those Westpac Subordinated Notes are to be interpreted in a manner consistent with the applicable ASX Listing Rules.

B

**APPENDIX B
GLOSSARY**

In this Information Memorandum, capitalised words have the meanings set out below unless the contrary intention appears.

2011 Annual Report means Westpac's annual report for the financial year ended 30 September 2011.

2011 Full Year Results means Westpac's 2011 Full Year Results lodged with ASX on 2 November 2011, incorporating the requirements of Appendix 4E.

2012 Interim Report means Westpac's interim financial report for the six months ended 31 March 2012.

2012 Interim Results means Westpac's 2012 Interim Results lodged with ASX on 3 May 2012, incorporating the requirements of Appendix 4D.

ABN means Australian Business Number.

Additional Amount has the meaning specified in Condition 7.2 on page A-7 of the Conditions.

ADI means an Australian authorised deposit-taking institution.

AFSL means Australian financial services licence.

Allocation means the number of Westpac Subordinated Notes allocated under the Offer to:

- Eligible Securityholders at the end of the Securityholder Offer; and
- Syndicate Brokers and Institutional Investors under the Bookbuild.

Allocate and **Allocated** have the corresponding meanings.

Applicant means a person who submits an Application to purchase Westpac Subordinated Notes.

Application means an application for Westpac Subordinated Notes lodged on an Application Form or submitted online in accordance with this Information Memorandum.

Application Form means the application form (the Securityholder Application Form or the Broker Firm Application Form) attached to, or accompanying, this Information Memorandum, or an online version of the Application Form, and which is to be used to apply for Westpac Subordinated Notes.

Application Payment means the monies payable on each application to purchase Westpac Subordinated Notes, calculated as the number of Westpac Subordinated Notes applied for multiplied by the Face Value.

APRA means the Australian Prudential Regulation Authority (ABN 79 635 582 658) or any successor body responsible for prudential regulation of Westpac.

ASIC means the Australian Securities and Investments Commission.

Assets has the meaning given in Condition 9.2 on page A-9 of the Conditions.

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 modifications or waivers granted by ASX.

ATO means the Australian Taxation Office.

Banking Act means the Banking Act 1959 of Australia.

Bank Bill Rate has the meaning given in Condition 9.2 on page A-9 of the Conditions.

Basel III Documents has the meaning given in Condition 9.2 on page A-9 of the Conditions.

Bookbuild has the meaning given in Condition 9.2 on page A-9 of the Conditions.

Broker Firm Applicant means a retail client of a Syndicate Broker who is invited to participate under the Broker Firm Offer.

Broker Firm Application Form means the Application Form attached to, or accompanying, this Information Memorandum upon which a Broker Firm Applicant can make an Application.

Broker Firm Offer means the invitation made to retail clients of Syndicate Brokers to apply for an Allocation

GLOSSARY

of Westpac Subordinated Notes from Syndicate Brokers under this Information Memorandum.

Business Day has the meaning given in Condition 9.2 on page A-9 of the Conditions.

CHESS has the meaning given in Condition 9.2 on page A-9 of the Conditions.

Closing Date means the last day on which Applications will be accepted, expected to be:

- 5.00pm (Sydney time) on 16 August 2012 for the Securityholder Offer; and
- 10.00am (Sydney time) on 22 August 2012 for the Broker Firm Offer.

Conditions means the terms and conditions of Westpac Subordinated Notes contained in Appendix A to this Information Memorandum.

Corporations Act means the Corporations Act 2001 of Australia.

Deed Poll means the deed poll entitled "Westpac Subordinated Notes Deed Poll" executed by Westpac and dated 16 July 2012.

Eligible Securityholder or Eligible Security Holding means a registered holder of Ordinary Shares, Westpac TPS, Westpac SPS, Westpac SPS II and/or Westpac CPS as at 7.00pm (Sydney time) on 9 July 2012 and shown on the Register as having an address in Australia.

Event of Default has the meaning given in Condition 5.1 on page A-5 of the Conditions.

Extraordinary Resolution has the meaning given in the Deed Poll.

Face Value means the face value and denomination of a Westpac Subordinated Note, being \$100.

FATCA has the meaning given in Condition 9.2 on page A-9 of the Conditions.

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

GST means goods and services tax.

Holder has the meaning given in Condition 9.2 on page A-9 of the Conditions.

Holding Statement means a statement issued to Holders by the Registrar which sets out details of Westpac Subordinated Notes allotted to them under the Offer.

Information Memorandum means this information memorandum which was lodged with ASX on 23 July 2012.

Initial Information Memorandum means the information memorandum dated 16 July 2012 and lodged with ASX on that date, which this Information Memorandum replaces.

Institutional Investor means an investor to whom offers of securities can be made without the need for a prospectus or information memorandum (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 information memorandum under Chapter 6D of the Corporations Act.

Institutional Offer means the invitation by the Joint Lead Managers to Institutional Investors to bid for Westpac Subordinated Notes in the Bookbuild.

Interest Payment Date has the meaning given in Condition 3.2 on page A-3 of the Conditions.

Interest Period has the meaning given in Condition 3.3 on page A-3 of the Conditions.

Interest Rate has the meaning given in Condition 3.1 on page A-3 of the Conditions.

Issue Date means the date Westpac Subordinated Notes are issued which is expected to be 23 August 2012.

Issue Price or Face Value means \$100 per Westpac Subordinated Note.

Joint Lead Managers means ANZ Securities Limited (ABN 16 004 997 111, AFSL No. 237531), Deutsche Bank AG, Sydney Branch (ABN 13 064 165 162, AFSL No. 238153), J.P. Morgan Australia Limited (ABN 52 002 888 011, AFSL No. 238188), UBS AG, Australia Branch (ABN 47 088 129 613, AFSL No. 231087) and Westpac Institutional Bank (a division of Westpac) (ABN 33 007 457 141, AFSL No. 233714).

Liabilities has the meaning given in Condition 9.2 on page A-10 of the Conditions.

Liquidator has the meaning given in Condition 9.2 on page A-10 of the Conditions.

Margin has the meaning given in Condition 9.2 on page A-10 of the Conditions.

Maturity Date has the meaning given in Condition 9.2 on page A-10 of the Conditions.

Offer means the offer by Westpac of Westpac Subordinated Notes to raise approximately \$1.5 billion, with the ability to raise more or less on the terms set out in this Information Memorandum. The offer comprises the Securityholder Offer, the Broker Firm Offer and the Institutional Offer.

Offer Period means the period between the Opening Date and the Closing Date.

OMA means the offer management agreement between Westpac and the Joint Lead Managers dated 16 July 2012.

Online Manager means Westpac Online Investing through Westpac Securities Limited (ABN 39 087 924 221, AFSL 233723), a service provided by Australian Investment Exchange Ltd (ABN 71 076 515 930, AFSL 241400), a participant of the ASX Group.

Opening Date means the date on which the Offer opens, which is 23 July 2012.

Ordinary Share means a fully paid ordinary share in the capital of Westpac.

Privacy Act means the Privacy Act 1988 of Australia.

Record Date has the meaning given in Condition 9.2 on page A-10 of the Conditions.

Redemption Date has the meaning given in Condition 9.2 on page A-10 of the Conditions.

Register means the official register of Ordinary Shares, Westpac CPS, Westpac SPS and Westpac SPS II maintained by the Registrar on Westpac's behalf, or the official register of Westpac TPS maintained by the Registrar on the issuer's behalf, and includes any sub-register established and maintained under CHESS.

Registrar has the meaning given in Condition 9.2 on page A-10 of the Conditions.

Relevant Joint Lead Manager means the Joint Lead Manager which provided a copy of this Information Memorandum and to which completed Application Forms and Application Payments must be sent in sufficient time to enable processing by the Closing Date.

Securityholder Application Form means the Application Form accompanying this Information Memorandum (or an online version of such a form) upon which an Eligible Securityholder can make an Application.

Securityholder Offer means the invitation to Eligible Securityholders to apply for Westpac Subordinated Notes under this Information Memorandum.

Senior Creditors has the meaning given in Condition 9.2 on page A-10 of the Conditions.

Solvency Condition has the meaning given in Section 1.4 of this Information Memorandum, which is that provided Westpac is not in a Winding-Up, Westpac is not obliged to make any payment in respect of the Westpac Subordinated Notes unless it is Solvent at the time of payment, and will be Solvent immediately after making such payment.

Solvent has the meaning given in Condition 9.2 on page A-10 of the Conditions.

Solvent Reconstruction has the meaning given in Condition 9.2 on page A-10 of the Conditions.

Subordinated Indebtedness has the meaning given in Condition 9.2 on page A-10 of the Conditions.

Syndicate Broker means any of the Joint Lead Managers (or their affiliated retail brokers) or any other participating organisation of ASX selected by Westpac or the Joint Lead Managers to participate in the Offer.

Tax Act means the Income Tax Assessment Act 1936 of Australia and the Income Tax Assessment Act 1997 of Australia.

TFN means tax file number.

Tier 1 Capital has the meaning given to that term by APRA from time to time.

GLOSSARY

Tier 2 Capital has the meaning given in Condition 9.2 on page A-10 of the Conditions.

Total Capital has the meaning given to that term by APRA from time to time.

US Securities Act means the United States Securities Act of 1933 as amended.

Westpac or **Issuer** means Westpac Banking Corporation (ABN 33 007 457 141, AFSL 233714).

Westpac CPS means the 11,893,605 convertible preference shares issued by Westpac under a prospectus dated 24 February 2012 and quoted on ASX under code WBCPC.

Westpac Group means Westpac and its controlled entities.

Westpac Hybrids means:

- Westpac TPS 2003;
- Westpac TPS 2004;
- Westpac TPS;
- Westpac SPS;
- Westpac SPS II; and
- Westpac CPS.

Westpac Institutional Bank means Westpac Institutional Bank (a division of Westpac).

Westpac SPS means the 10,362,670 Stapled Preferred Securities (comprising a preference share and a perpetual, non-cumulative, subordinated unsecured note stapled together) issued by Westpac under a prospectus dated 26 June 2008 and quoted on ASX under code WBCPA.

Westpac SPS II means the 9,083,278 Stapled Preferred Securities (comprising a preference share and a perpetual, non-cumulative, subordinated unsecured note stapled together) issued by Westpac under a prospectus dated 2 March 2009 and quoted on ASX under code WBCPB.

Westpac Subordinated Note means a fully paid, registered, unsecured and subordinated debt obligation of Westpac, constituted by the Deed Poll and designated and evidenced in the manner set out in Condition 1.1 and this Information Memorandum.

Westpac Subordinated Notes Register has the meaning given in Condition 9.2 on page A-11 of the Conditions.

Westpac TPS means the 7,627,375 Westpac Trust Preferred Securities issued under a product disclosure statement dated 19 May 2006 and quoted on ASX under code WCTPA.

Westpac TPS 2003 means the 750,000 Trust Preferred Securities issued by Westpac Capital Trust III under an offering memorandum dated 6 August 2003.

Westpac TPS 2004 means the 525,000 Trust Preferred Securities issued by Westpac Capital Trust IV under an offering memorandum dated 31 March 2004.

Winding-Up has the meaning given in Condition 9.2 on page A-11 of the Conditions.

GUIDE TO THE BROKER FIRM APPLICATION FORM

- A Number of Westpac Subordinated Notes applied for:** Enter the number of Westpac Subordinated Notes you wish to apply for. The Application must be for a minimum of 50 Westpac Subordinated Notes (A\$5,000) and thereafter in multiples of 10 Westpac Subordinated Notes (A\$1,000). Westpac may issue you all of the Westpac Subordinated 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 Subordinated 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 Registrar 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 Registrar 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 Subordinated 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 Subordinated Notes. Westpac will not be issuing paper certificates to Applicants in respect of Westpac Subordinated Notes unless required by law. If you are a CHES participant (or are sponsored by a CHES participant) and you wish to hold Westpac Subordinated Notes allocated to you under this Application on the CHES sub-register, enter your CHES Holder Identification Number (HIN).

Westpac Subordinated 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 Subordinated Notes allocated to you on your existing CHES HIN. Instead, you will be issued with an issuer-sponsored holding for any Westpac Subordinated Notes allocated to you. Once Westpac Subordinated Notes have been issued, you may be able to combine your Westpac Subordinated Notes holding with your existing CHES sponsored holdings by contacting your broker.

- F Contact Details:** Enter your telephone number(s), 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 your Syndicate Broker in accordance with their instructions, I/we:

- acknowledge having personally received a printed or electronic copy of the full Information Memorandum (and any supplementary or replacement document) accompanying this Broker Firm Application Form and have read them all in full;
- agree to be registered as the holder of Westpac Subordinated Notes and to be bound by the terms of the Offer, the Information Memorandum, the Conditions and the Deed Poll;
- 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 that once I/we submit this Broker Firm Application Form I/we may not modify or withdraw it except as permitted by law;
- agree to being allocated the number of Westpac Subordinated Notes that I/we apply for, or a lower number allocated in a way described in the Information Memorandum, or no Westpac Subordinated 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 Subordinated Notes to be allocated to me/us, including to act on instructions received by the Registrar upon using the contact details in Sections C, D or F;
- acknowledge that the information contained in the Information Memorandum (and any supplementary or replacement document) is not financial product or investment advice or a recommendation that Westpac Subordinated Notes are suitable for me/us, given my/our investment objectives, financial situation or particular needs;
- represent and warrant that I am/we are not in the United States 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 or resell Westpac Subordinated Notes in the United States or to, or for the account or benefit of, any US Person(s);
- acknowledge that the distribution of the Information Memorandum in jurisdictions outside Australia may be restricted by law, acknowledge and agree that I/we have read and understood the foreign selling restrictions in Section 2.13 of the Information Memorandum, and represent and warrant that I/we are not prohibited by the laws of any place outside Australia from accessing or being given the Information Memorandum (and any supplementary or replacement document), making an Application or being issued Westpac Subordinated Notes;
- acknowledge that Westpac Subordinated Notes are not deposit liabilities of Westpac nor protected accounts for the purposes of the Banking Act 1959 (Cth) or Financial Claims Scheme and are not guaranteed or insured by any government agency or any other person; and
- acknowledge that an investment in Westpac Subordinated Notes is subject to investment risk, including the loss of some or all of my/our investment and any interest which is due and unpaid, and that neither Westpac nor any member of the Westpac Group guarantees the performance of Westpac Subordinated Notes.

PRIVACY STATEMENT

Link Market Services Limited (the Registrar) advises that once you become a Westpac Subordinated Notes holder, Chapter 2C of the Corporations Act 2001 (Cth) requires information about you as a securityholder (including your name, address and details of the Westpac Subordinated 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. Please refer to Section 2.12 of the Information Memorandum for details about the collection, holding and use of your personal information by Westpac (and the Registrar on Westpac's behalf). You can obtain access to your personal information by contacting the Registrar on 1300 554 474. The Registrar's privacy policy is available on its website (www.linkmarketservices.com.au).

CORRECT FORMS OF REGISTRABLE NAME(S)

Note that ONLY legal entities are allowed to hold Westpac Subordinated 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

ISSUER

Westpac Banking Corporation
Level 20, Westpac Place
275 Kent Street
Sydney NSW 2000

LEGAL AND TAX ADVISERS

King & Wood Mallesons
Level 61, Governor Phillip Tower
1 Farrer Place
Sydney NSW 2000

REGISTRAR

Link Market Services Limited
Level 12, 680 George St
Sydney NSW 2000

JOINT LEAD MANAGERS

Westpac Institutional Bank
Level 2, Westpac Place
275 Kent Street
Sydney NSW 2000

ANZ Securities Limited
Level 9
833 Collins Street,
Docklands VIC 3008

Deutsche Bank AG, Sydney Branch
Level 16, Deutsche Bank Place
Corner Hunter and Phillip Streets
Sydney NSW 2000

J.P. Morgan Australia Limited
Level 18, J.P. Morgan House
85 Castlereagh Street
Sydney NSW 2000

UBS AG, Australia Branch
Level 16, Chifley Tower
2 Chifley Square
Sydney NSW 2000

CO-MANAGERS

Bell Potter Securities Limited
Level 38, Aurora Place
88 Phillip Street
Sydney NSW 2000

Ord Minnett Limited
Level 8, NAB House
255 George Street
Sydney NSW 2000

HOW TO CONTACT US

Westpac Subordinated Notes Information Line

1300 551 472 (local call cost within Australia) or

+61 2 8280 7706 (international)

(Monday to Friday – 8.30am to 5.30pm)

Website: www.westpac.com.au/investorcentre

