

The Westpac Subordinated Notes are being offered in Australia and certain foreign jurisdictions subject to various restrictions outlined in the Information Memorandum. This media release does not constitute an offer of securities for sale in the United States, and the Westpac Subordinated Notes may not be offered or sold in the United States.

MEDIA RELEASE

Westpac announces Westpac Subordinated Notes Offer

Westpac Banking Corporation (**Westpac**) today announced the offer of a new Tier 2 security known as Westpac Subordinated Notes, which are fully paid, registered, unsecured, subordinated debt obligations of Westpac. Westpac Subordinated Notes are expected to be quoted on the ASX.

Westpac Subordinated Notes are being offered with an Issue Price of \$100 each, to raise approximately \$500 million, with the ability to raise more or less.

“Westpac Subordinated Notes provide an opportunity for investors to diversify their investment portfolio with a simple investment product, paying regular, quarterly interest payments at an attractive yield”, said Westpac’s Group Treasurer, Curt Zuber.

Summary of key features of Westpac Subordinated Notes:

- pay a floating rate of interest quarterly in cash. The Interest Rate is calculated as the 90 day Bank Bill Rate plus a fixed Margin (to be determined under the Bookbuild and expected to be in the range of 2.75% - 2.95% p.a.). For example, the Interest Rate for a quarterly period would be 6.31% p.a. if the 90 day Bank Bill Rate was 3.56% p.a. and the Margin is set at 2.75% p.a.¹;
- have a fixed Maturity Date of 23 August 2022, but may be redeemed earlier at Westpac’s option on 23 August 2017 (and each Interest Payment Date thereafter), or for certain taxation or regulatory reasons, subject to APRA’s prior consent²;
- payments are not deferrable or discretionary (unless Westpac is not Solvent immediately before or would not be Solvent immediately after payment); and
- Westpac Subordinated Notes are not convertible into Westpac Ordinary Shares.

“Westpac Subordinated Notes qualify as Tier 2 Capital under APRA’s current prudential standards and are expected to be eligible for transitional treatment under APRA’s Basel III capital adequacy framework. The issue will further strengthen Westpac’s total capital position”, Curt Zuber said.

The Offer is expected to open on 23 July 2012 and consists of a:

- Securityholder Offer – to registered holders of Westpac Ordinary Shares, Westpac TPS, Westpac SPS, Westpac SPS II and/or Westpac CPS at 7.00pm (Sydney time) on 9 July 2012 and shown on the Register as having an address in Australia;

¹ The interest rate shown is for illustrative purposes only and does not indicate the actual interest rate. The 90 day Bank Bill Rate on 9 July 2012 was 3.56% p.a. The actual interest rate may be lower or higher than this example.

² There can be no certainty that APRA would provide its consent in respect of an early redemption. Dates are indicative only and are subject to change.

- Broker Firm Offer – to retail clients of a Syndicate Broker (subject to certain foreign selling restrictions); and
- Institutional Offer – to certain Institutional Investors invited by the Joint Lead Managers.

The initial Information Memorandum for the Westpac Subordinated Notes Offer has been lodged with the ASX today and is available for download within Australia at www.westpac.com.au/investorcentre. A replacement Information Memorandum containing the Margin will be made available when the Offer opens. Application Forms will also be made available at this time.

The Closing Date for the Securityholder Offer is expected to be 5.00pm (Sydney time) on 16 August 2012. The Closing Date for the Broker Firm Offer is expected to be 10.00am (Sydney time) on 22 August 2012.

How to apply

Full details of the Offer, including who can apply and how to participate, are available in the Information Memorandum. Investors should consider the Information Memorandum in full before deciding whether to invest in Westpac Subordinated Notes. Once the Offer opens, investors who wish to apply for Westpac Subordinated Notes will need to complete the Application Form that will be in, or will accompany, the replacement Information Memorandum. Eligible Securityholders can also apply online at www.westpac.com.au/investorcentre.

Eligible Securityholders can register to receive an Information Memorandum and personalised Securityholder Application Form online at www.westpac.com.au/investorcentre or by calling the Westpac Subordinated Notes Information Line on 1300 551 472 (local call within Australia) (Monday to Friday, 8.30am to 5.30pm, Sydney time).

Broker Firm Applicants should contact their Syndicate Broker for instructions on how to register their interest.

Unless otherwise defined, capitalised words used in this media release have the meanings given to them in the Information Memorandum.

More Information

For more information about the Offer visit www.westpac.com.au/investorcentre or call the Westpac Subordinated Notes Information Line on 1300 551 472 (local call within Australia) or +61 2 8280 7706 (international) (Monday – Friday, 8.30am to 5.30pm (Sydney time)).

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More information about Westpac Subordinated Notes

Interest

Westpac Subordinated Notes pay interest in cash, quarterly in arrear.

The Interest Rate is calculated using the following formula:

$$\text{Interest Rate} = 90 \text{ day Bank Bill Rate} + \text{Margin}$$

The 90 day Bank Bill Rate is a floating rate of interest and is determined on the first Business Day of each Interest Period. The Interest Rate will vary each quarter based on changes in the 90 day Bank Bill Rate.

The Margin is expected to be within the range of 2.75% - 2.95% per annum and will be determined under the Bookbuild. Once determined, the Margin will not change.

As an example, if:

- the 90 day Bank Bill Rate on the Issue Date was the same as on 9 July 2012, being 3.56% per annum; and
- the Margin is set at 2.75% per annum,

the Interest Rate for that quarterly period would be 6.31%³ per annum.

For each Interest Period, the Interest Rate and the 90 day Bank Bill Rate will be advised to the ASX and will also be available on Westpac's website at www.westpac.com.au/investorcentre.

Interest is not deferrable or subject to Westpac's discretion (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).

Maturity Date

The Maturity Date is the 10th anniversary of the Issue Date (23 August 2022)⁴. On the Maturity Date, Holders will receive for each Westpac Subordinated Note the Face Value plus any accrued and unpaid interest, unless Westpac is not Solvent at the time the payment is due, or will not be Solvent immediately after making the payment.

Early Redemption

Westpac Subordinated Notes may be redeemed earlier by Westpac on 23 August 2017 or any Interest Payment Date after that date, or for certain taxation or regulatory reasons. Early redemption by Westpac is subject to Westpac receiving APRA's prior written consent. There can be no certainty that APRA would provide its consent in respect of any early redemption.

Ranking

In a Winding-Up of Westpac, Westpac Subordinated Notes rank for payment after Senior Creditors of Westpac, at least equally with all other unsecured Subordinated Indebtedness of Westpac having a fixed maturity date, and before Westpac Hybrids and Westpac Ordinary Shares.

Westpac Subordinated Notes are issued subject to the Information Memorandum, the Conditions and the Deed Poll.

³ The interest rate shown is for illustrative purposes only and does not indicate the actual interest rate. The actual interest rate may be lower or higher than this example.

⁴ This date assumes the Issue Date will be 23 August 2012.

Key Dates⁵ for Westpac Subordinated Notes

Record date for determining Eligible Securityholders (7.00pm)	9 July 2012
Announcement of Offer and issue of initial Information Memorandum	16 July 2012
Bookbuild	20 July 2012
Announcement of Margin	23 July 2012
Issue of replacement Information Memorandum	23 July 2012
Opening Date for Offer	23 July 2012
Closing Date for the Securityholder Offer (5.00pm)	16 August 2012
Closing Date for the Broker Firm Offer (10.00am)	22 August 2012
Issue Date	23 August 2012
Commencement of deferred settlement trading	24 August 2012
Holding Statements despatched by	30 August 2012
Commencement of normal settlement trading	31 August 2012
Record Date for first interest payment	15 November 2012
First Interest Payment Date ⁶	23 November 2012
First optional Redemption Date ⁷	23 August 2017
Maturity Date ⁸	23 August 2022
Ends.	

⁵ Dates are indicative only and are subject to change. All references to time are to Sydney time.

⁶ 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.

⁷ 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. This date assumes the Issue Date will be 23 August 2012.

⁸ This date assumes the Issue Date will be 23 August 2012.