
WESTPAC **SUBORDINATED** **NOTES II**

PROSPECTUS

ISSUER

Westpac Banking Corporation
ABN 33 007 457 141

DATE OF THIS PROSPECTUS

18 July 2013

ARRANGERS

Westpac Institutional Bank
UBS

JOINT LEAD MANAGERS AND JOINT BOOKRUNNERS

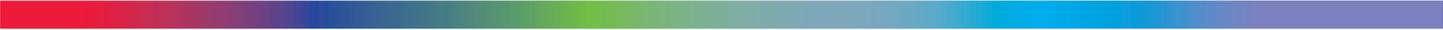
Westpac Institutional Bank
Deutsche Bank
Goldman Sachs
Macquarie Capital
Morgan Stanley
UBS

CO-MANAGERS

Bell Potter
JBWere

ONLINE MANAGER

Westpac Online Investing



IMPORTANT NOTICES

ABOUT THIS PROSPECTUS

This Prospectus relates to the offer of Westpac Subordinated Notes II ("Westpac Subordinated Notes II" or "Notes") at a Face Value of \$100 each to raise approximately \$850 million with the ability to raise more or less (the "Offer").

The Notes offered under this Prospectus are designated as Series 2013-1.

The Notes are fully paid, redeemable, subordinated, unsecured and registered debt obligations issued by Westpac.

This Prospectus is dated 18 July 2013 and was lodged with the Australian Securities and Investments Commission ("ASIC") on that date. This is a replacement Prospectus which replaces the Prospectus dated 10 July 2013 and lodged with ASIC on that date ("Original Prospectus"). ASIC and ASX Limited ("ASX") take no responsibility for the content of this Prospectus nor for the merits of the investment to which this Prospectus relates. This Prospectus expires on the date which is 13 months after the date of the Original Prospectus ("Expiry Date"). No Notes will be issued on the basis of this Prospectus after the Expiry Date and no Westpac SPS will be bought back through the On-Market Buy-Back Facility after the Expiry Date.

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 the Notes are "debentures" within the meaning of Section 9 of the Corporations Act, a prospectus or other disclosure document for the purposes of Part 6D.2 of the Corporations Act would not be required but for the fact that the Notes include a feature which may result in Conversion into Ordinary Shares of Westpac in certain circumstances. This Prospectus has, therefore, been lodged with ASIC.

No trustee has been appointed to act on behalf of Holders under Chapter 2L of the Corporations Act.

The Notes are not deposit liabilities or protected accounts of Westpac for the purposes of the Banking Act or Financial Claims Scheme and are not subject to the depositor protection provisions of Australian banking legislation (including the Australian Government guarantee of certain bank deposits).

The Notes are not secured. Investment-type products are subject to investment risk, including possible delays in payment and loss of income and principal invested. Neither Westpac nor any member of the Westpac Group in any way guarantees the capital value and/or performance of the Notes or any particular rate of return.

DEFINED WORDS AND EXPRESSIONS

Some words and expressions used in this Prospectus are capitalised as they have defined meanings. The Glossary in Appendix A and Condition 11.2 of the Notes in Appendix B set out the definitions of these words and expressions.

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

NO REPRESENTATIONS OTHER THAN IN THIS PROSPECTUS

You should rely only on information in this Prospectus. No person is authorised to provide any information or to make any representation in connection with the Offer which is not contained in this Prospectus. Any information or representation not contained in this Prospectus may not be relied upon as having been authorised by Westpac in connection with the Offer.

Except as required by law, and only to the extent so required, neither Westpac nor any other person warrants the future performance of the Notes, Westpac or any return on any investment made under this Prospectus.

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

THIS PROSPECTUS DOES NOT PROVIDE INVESTMENT ADVICE – YOU SHOULD SEEK YOUR OWN PROFESSIONAL INVESTMENT ADVICE

The information in this Prospectus is not investment advice and has been prepared without taking into account your investment objectives, financial situation and particular needs (including financial and taxation issues) as an investor. It is important that you read the entire Prospectus before deciding whether to invest in the Notes. In particular, it is important that you consider the risk factors that could affect the financial performance and position of the Notes and Westpac. You should carefully consider these factors and other information in the Prospectus in light of your particular investment objectives, financial situation and particular needs (including financial and taxation issues) and seek professional investment advice from your financial

adviser or other professional adviser before deciding whether to apply for Notes. For investment risks that you should consider, see Section 1.4.2 and Section 6.

Except for any liability which cannot be excluded by law, each Joint Lead Manager and its respective directors, officers, employees and advisers expressly disclaims and does not accept any liability for the contents of the Prospectus, the Notes or the Offer.

This Prospectus also contains information in relation to (amongst other things) the Reinvestment Offer. Neither Westpac nor the On-Market Sale Agent nor any other person is providing any investment advice or making any recommendation to Eligible Westpac SPS Holders in respect of the Reinvestment Offer.

RESTRICTIONS IN FOREIGN JURISDICTIONS

This Offer is being made in Australia. The distribution of this Prospectus (including an electronic copy) in jurisdictions outside Australia may be restricted by law (for details on the restrictions in certain foreign jurisdictions see Section 9.9). If you come into possession of this Prospectus in jurisdictions outside Australia, you should seek advice on, and observe, the relevant restrictions. If you fail to comply with such restrictions that failure may constitute a violation of applicable securities laws.

This Prospectus does not constitute an offer in any jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer. No action has been taken to register or qualify the Notes or the Offer or to otherwise permit a public offering of the Notes in any jurisdiction outside Australia. In particular, the Notes have not been, and will not be, registered under the US Securities Act or the securities law of any state of the United States. Therefore, the Notes may not be offered, sold, delivered or transferred, directly or indirectly, in the United States or to, or for the account or benefit of, any US Person.

Each of the Joint Lead Managers has agreed that it has not offered, sold, delivered or transferred, and will not offer, sell, deliver or transfer the Notes (i) as part of their distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the Offer and the 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, distributor or other relevant parties to which Notes are Allocated during the Distribution Compliance Period a confirmation or other notice setting forth the restrictions on offers, sales and deliveries of the 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 the Notes within the United States by any dealer that is not participating in the Offer may violate the registration requirements of the US Securities Act.

Each of the Joint Lead Managers has agreed that (i) neither it, its affiliates nor any persons acting on its or their behalf have engaged or will engage in any directed selling efforts within the meaning of Rule 902 under the US Securities Act with respect to the Notes, and it and they have complied with and will comply with the offering restrictions requirement of Regulation S under the US Securities Act and (ii) it has not entered into and will not enter into any contractual arrangement with respect to the distribution of the Notes unless such person has agreed in writing that all offers and sales of the Notes within the Distribution Compliance Period shall be made only in accordance with Regulation S and other relevant requirements.

EXPOSURE PERIOD

The Corporations Act prohibits the acceptance of Applications during the seven day period after the date the Original Prospectus was lodged with ASIC. This period is referred to as the Exposure Period and ASIC may extend this period by up to a further seven days (that is up to 14 days in total). The purpose of the Exposure Period was to enable the Original Prospectus to be examined by market participants before the Opening Date.

HOW TO OBTAIN A PROSPECTUS AND AN APPLICATION FORM

During the Offer Period:

- Eligible Westpac SPS Holders will be sent a copy of this Prospectus with a personalised Reinvestment Form;
- Eligible Securityholders may obtain a copy of this Prospectus with a personalised Securityholder Application Form (free of charge) by:
 - calling the **Westpac Subordinated Notes II Information Line (Monday to Friday, 8.30am to 5.30pm, Sydney time) on 1300 551 756**; or
 - registering to receive a copy of this Prospectus and a personalised Securityholder Application Form at www.westpac.com.au/investorcentre; and

- Broker Firm Applicants may obtain a copy of this Prospectus, including a Broker Firm Application Form, from their Syndicate Broker or by downloading a copy from the Westpac website at www.westpac.com.au/investorcentre.

Paper Application Forms will only be available during the Offer Period together with printed copies of the Prospectus. Eligible Westpac SPS Holders and Eligible Securityholders may also apply online during the Offer Period at www.westpac.com.au/investorcentre.

APPLICATIONS FOR WESTPAC SUBORDINATED NOTES II

Applications for Notes under this Prospectus may only be made during the Offer Period on an Application Form attached to, or accompanying, this Prospectus including, in the case of Eligible Westpac SPS Holders and Eligible Securityholders, an online Application. The Corporations Act prohibits any person from passing the Application Form on to another person unless it is attached to a printed copy of this Prospectus or accompanied by the complete and unaltered electronic version of this Prospectus.

You should read this Prospectus in its entirety before deciding to apply for Notes. If, after reading this Prospectus, 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 Notes under the Offer and how to make an Application – see Section 1.7 for a summary, and Section 4 and the Application Forms for full details.

ELECTRONIC ACCESS TO PROSPECTUS

The following conditions apply if this Prospectus is accessed electronically:

- you must download the Prospectus in its entirety from www.westpac.com.au/investorcentre; and
- the Prospectus is only available electronically to persons accessing and downloading or printing the electronic copy of the Prospectus in Australia. If you access an electronic copy of this Prospectus, you should ensure that you download and read the entire Prospectus.

NO WITHDRAWAL OF APPLICATION

You cannot withdraw your Application once it has been lodged, except as permitted under the Corporations Act.

REFUNDS

If you are not Allocated any Notes or you are Allocated fewer Notes than the number of Notes that you applied for, all or some of your Application Payment (as applicable) will be returned to you (without interest) as soon as possible after the Issue Date. If the Offer does not proceed for any reason, any Application Payment you have made will be refunded to you (without interest) as soon as possible. No interest will be payable on Application Payments.

TRADING IN WESTPAC SUBORDINATED NOTES II

It is your responsibility to determine your Allocation before trading in Notes to avoid the risk of selling 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 II Information Line (Monday to Friday 8.30am to 5.30pm, Sydney time) on 1300 551 756** if you are an Eligible Westpac SPS Holder or an Eligible Securityholder. Contact your Syndicate Broker if you are a Broker Firm Applicant. If you sell Notes before you receive confirmation of your Allocation, you do so at your own risk.

PROVIDING PERSONAL INFORMATION

You will be asked to provide personal information to Westpac (directly or via its agents) if you apply for Notes. See Section 9.10 for information on how Westpac (and the Registrar on its behalf) collects, holds and uses this personal information. You can also obtain a copy of that policy at www.westpac.com.au.

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 Notes is available on request.

ENQUIRIES

If you have any questions in relation to the Offer, please call the **Westpac Subordinated Notes II Information Line (Monday to Friday, 8.30am to 5.30pm, Sydney time) on 1300 551 756** (local call cost within Australia) or contact your financial adviser or other professional adviser.

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HOW TO APPLY FOR WESTPAC SUBORDINATED NOTES II

- | | |
|--|--|
| 1. Read this Prospectus in full | <ul style="list-style-type: none">• If you are considering applying for Notes under the Offer, this Prospectus is important and should be read in its entirety.• You should have particular regard to the:<ul style="list-style-type: none">– “Investment overview” in Section 1 and “Information about Westpac Subordinated Notes II” in Section 2;– “Reinvestment Offer” in Section 3 (if you are an Eligible Westpac SPS Holder);– “Investment risks” in Section 6; and– “Conditions of Westpac Subordinated Notes II” in Appendix B.• In considering whether to apply for Notes, it is important to consider all risks and other information regarding an investment in Notes in light of your particular investment objectives and circumstances. |
| 2. Speak to your professional adviser and consider the ASIC guidance for retail investors | <ul style="list-style-type: none">• You should seek professional guidance from your stockbroker, solicitor, accountant or other independent and qualified professional adviser about the Offer.• ASIC has published guidance which may be relevant to your consideration of the Notes – namely, information for retail investors who are considering investing in hybrid securities called “Hybrid securities and notes” (under the heading “Complex investments” at www.moneysmart.gov.au/investing). Free copies of the ASIC guidance can be obtained from ASIC’s website at www.moneysmart.gov.au/investing or by calling ASIC on 1300 300 630 (from Australia) or +61 3 5177 3988 (from outside Australia). Copies of the ASIC guidance can also be obtained from www.westpac.com.au/investorcentre. |
| 3. Complete and submit your Application Form and Application Payment | <ul style="list-style-type: none">• If you have decided to apply for Notes, you must apply using an Application Form attached to or accompanying this Prospectus. Eligible Westpac SPS Holders and Eligible Securityholders may also apply online at www.westpac.com.au/investorcentre.• The Application process varies depending on whether you participate in the Reinvestment Offer, Securityholder Offer, Broker Firm Offer or Institutional Offer.• If you apply under the Reinvestment Offer, Securityholder Offer or Broker Firm Offer, your Application Form must be received by the Closing Date for the relevant Offer, expected to be 9 August 2013 for the Reinvestment Offer, and 13 August 2013 for the Securityholder Offer and the Broker Firm Offer.• See Section 4 for more details on how to apply.• The Offer may close early so you are encouraged to consider submitting your Application as soon as possible after the Opening Date. |

Where can I obtain further information about Westpac and Westpac Subordinated Notes II?

Information about the Notes is contained in this Prospectus. You should read the Prospectus in its entirety. Westpac is a disclosing entity for the purposes of the Corporations Act and, as a result, is subject to regular reporting and disclosure obligations under the Corporations Act and the ASX Listing Rules. In addition, Westpac must notify ASX immediately (subject to certain exceptions) if it becomes aware of information about Westpac that a reasonable person would expect to have a material effect on the price or value of its securities, including the Notes.

Copies of documents lodged with ASIC can be obtained from, or inspected at, an ASIC office and Westpac’s ASX announcements may be viewed on www.asx.com.au.

Further information about Westpac, including Westpac’s half-yearly and annual financial reports, presentations and other investor information, can be obtained from www.westpac.com.au/investorcentre.

An investment in the Notes is an investment in Westpac and may be affected by the ongoing performance, financial position and solvency of Westpac. The Notes are not deposit liabilities or protected accounts of Westpac for the purposes of the Banking Act or Financial Claims Scheme and are not subject to the depositor protection provisions of Australian banking legislation (including the Australian Government guarantee of certain bank deposits).

KEY DATES

KEY DATES FOR THE OFFER

| | |
|--|----------------|
| Record date for determining Eligible Securityholders (7.00pm Sydney time) | 1 July 2013 |
| Announcement of Offer and lodgement of the Original Prospectus with ASIC | 10 July 2013 |
| Bookbuild | 17 July 2013 |
| Announcement of Margin | 17 July 2013 |
| Lodgement of this Prospectus with ASIC | 18 July 2013 |
| Opening Date | 18 July 2013 |
| Closing Date for the Reinvestment Offer (5.00pm Sydney time) | 9 August 2013 |
| Closing Date for the Securityholder Offer and the Broker Firm Offer (5.00pm Sydney time) | 13 August 2013 |
| Issue Date of Notes | 22 August 2013 |
| Commencement of deferred settlement trading | 23 August 2013 |
| Holding Statements dispatched by | 28 August 2013 |
| Commencement of normal settlement trading | 29 August 2013 |

KEY DATES FOR WESTPAC SUBORDINATED NOTES II

| | |
|---|------------------|
| Record Date for first Interest payment | 14 November 2013 |
| First Interest Payment Date ¹ | 22 November 2013 |
| First Optional Redemption Date (at Westpac's discretion) ² | 22 August 2018 |
| Maturity Date | 22 August 2023 |

KEY DATES FOR THE REINVESTMENT OFFER

| | |
|--|----------------|
| Reinvestment Offer Record Date for determining Eligible Westpac SPS Holders (7.00pm Sydney time) | 1 July 2013 |
| Opening Date | 18 July 2013 |
| Closing Date for the Reinvestment Offer (5.00pm Sydney time) | 9 August 2013 |
| Ex-Date for Pro-Rata Distribution | 15 August 2013 |
| On-Market Buy-Back Date | 19 August 2013 |
| Record date for Pro-Rata Distribution (7.00pm Sydney time) | 21 August 2013 |
| Issue Date of Notes | 22 August 2013 |
| Payment date for Pro-Rata Distribution ³ | 29 August 2013 |

1. Interest is payable quarterly in arrear, subject to the satisfaction of the Solvency Condition – see Sections 2.1.1 and 2.2.8.

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

3. Subject to satisfaction of the distribution payment test in the Westpac SPS terms.

KEY DATES

KEY DATES FOR NON-PARTICIPATING WESTPAC SPS HOLDERS

| | |
|--|-------------------|
| Ex-Date for Pro-Rata Distribution | 15 August 2013 |
| Record date for Pro-Rata Distribution (7.00pm Sydney time) | 21 August 2013 |
| Payment date for Pro-Rata Distribution (payable to all holders of Westpac SPS) ¹ | 29 August 2013 |
| Last day of trading in Westpac SPS | 11 September 2013 |
| Ex-Date for Final Distribution | 12 September 2013 |
| Record date for Final Distribution (7.00pm Sydney time) (payable to Non-Participating Westpac SPS Holders) | 18 September 2013 |
| Payment date for Final Distribution (payable to Non-Participating Westpac SPS Holders) ¹ | 26 September 2013 |
| Expected transfer date | 26 September 2013 |
| Initial Mandatory Conversion Date for Westpac SPS ² | 26 September 2013 |

Dates May Change

These dates are indicative only and may change. Westpac and the Joint Lead Managers may, in their absolute discretion, close the Offer early or extend the Offer Period without notice. Westpac may also withdraw the Offer at any time before Notes are issued. Accordingly, if you wish to apply for Notes, you are encouraged to do so as soon as possible after the Opening Date. The period between the Opening Date and the relevant Closing Date is known as the Offer Period.

If any of these dates are not Business Days and a payment under the Conditions of the Notes is required to be made on that day, then the event will occur on the next Business Day (without any additional interest or other payment in respect of the delay).

Quotation of Westpac Subordinated Notes II on ASX

Westpac has applied for the Notes to be quoted on ASX. Quotation of the Notes is not guaranteed. If ASX does not grant permission for the Notes to be quoted, then the Notes will not be issued and all Application Payments will be refunded (without interest) to Applicants as soon as possible.

Making an Application

For information on who is eligible to apply for the Notes under the Offer and how to make an Application – see Section 1.7 for a summary and Section 4 and the Application Forms for full details.

1. Subject to satisfaction of the distribution payment test in the Westpac SPS terms.

2. Subject to satisfaction of certain conditions set out in the Westpac SPS terms.

1

INVESTMENT OVERVIEW

This Section provides an overview of an investment in Westpac Subordinated Notes II.

INVESTMENT OVERVIEW

1.1 KEY FEATURES OF THE OFFER

| Topic | Summary | Further information | Page(s) |
|---------------------------|--|--|---------------------------|
| 1.1.1 What is the Offer? | <ul style="list-style-type: none"> The Offer is for the issue of Westpac Subordinated Notes II to raise approximately \$850 million, with the ability to raise more or less. The Offer includes the Reinvestment Offer, which is a priority offer to Eligible Westpac SPS Holders to sell all or some of their Westpac SPS through the On-Market Buy-Back Facility and reinvest the sale proceeds in Notes. | Sections 2, 3 and 4 | 27-49, 50-59, 60-67 |
| 1.1.2 Who is the issuer? | <ul style="list-style-type: none"> Westpac Banking Corporation ABN 33 007 457 141 | Section 5 | 68-78 |
| 1.1.3 What are the Notes? | <ul style="list-style-type: none"> Fully paid – the Issue Price (\$100 per Note) must be paid in full to Westpac before the Notes are issued. Interest – pay Interest quarterly in arrear at the Interest Rate subject to the Solvency Condition. Redemption on Maturity Date – must be Redeemed by Westpac on the Maturity Date subject to the Solvency Condition (unless the Notes have already been Redeemed, Converted or Written-off by Westpac). Early redemption – may be Redeemed prior to the Maturity Date at Westpac's option (subject to APRA's prior written approval) on 22 August 2018 (and any Interest Payment Date thereafter) or on the occurrence of a Tax Event or a Regulatory Event. Not guaranteed – the Notes are not guaranteed nor are they deposit liabilities or protected accounts of Westpac under the Banking Act or Financial Claims Scheme and they are not subject to the depositor protection provisions of the Banking Act. Subordinated – the Notes are subordinated to claims of Senior Creditors (which include depositors and all holders of Westpac's senior or less subordinated debt) in a Winding-Up. May Convert – if a Non-Viability Trigger Event occurs, Westpac may be required to Convert the Notes into Ordinary Shares (the Conversion Number will be subject to the Maximum Conversion Number). If Westpac is unable to Convert the Notes, the Notes will be Written-off and rights attaching to the Notes will be terminated. | Section 2 Conditions of the Notes | 27-49 B.1-B.21 |

| Topic | Summary | Further information | Page(s) |
|--|---|------------------------|-----------|
| 1.1.4 Why is Westpac issuing the Notes? | <ul style="list-style-type: none"> Westpac is issuing the Notes to raise regulatory capital which satisfies the requirements of the Australian Prudential Regulation Authority (“APRA”). The proceeds received under the Offer will be used by Westpac for general business purposes. The Notes and Westpac’s other Capital Securities, including Ordinary Shares, help to protect Westpac’s depositors and other creditors by providing a loss-absorbing capital buffer which supports losses that may be incurred on Westpac’s assets. The Notes qualify as Tier 2 Capital to help satisfy Westpac’s regulatory capital requirements. The Conditions are complex and are designed to satisfy APRA’s detailed capital requirements which apply to these instruments. | Sections 2.3.1 and 2.6 | 32, 40-41 |

1.2 KEY FEATURES OF WESTPAC SUBORDINATED NOTES II

| Topic | Summary | Further information | Page(s) |
|--|--|--------------------------------------|------------------------|
| 1.2.1 What are the key features of the Notes? | <ul style="list-style-type: none"> The key features of the Notes are summarised in this Section 1.2 and explained in more detail in Section 2. There are two important concepts which Holders should be aware of which affect whether Holders will receive payments on the Notes. These are as follows: <ul style="list-style-type: none"> – Solvency Condition – Prior to a Winding-Up, Westpac’s obligations to make payments in respect of the Notes (including to pay Interest and to repay Face Value) are conditional on Westpac being Solvent at the time of making the payment and immediately after making the payment. <p>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 11.2; and</p> | Section 2 Conditions 2.3, 5 and 6 | 27-49 B.3, B.6-B.11 |

INVESTMENT OVERVIEW

| Topic | Summary | Further information | Page(s) |
|---|--|---|--|
| 1.2.1 What are the key features of the Notes? (continued) | <ul style="list-style-type: none"> – Non-Viability Trigger Event – If APRA determines that Westpac is or would become non-viable, Westpac may be required to Convert some or all of the Notes into Ordinary Shares (or, where Conversion is not possible, the Notes will be Written-off and the rights of Holders will be terminated). If Conversion occurs in these circumstances, Holders may receive Ordinary Shares in respect of some or all of the Notes that are worth significantly less than the Face Value for each Note they hold. | | |
| 1.2.2 What Interest is payable? | <ul style="list-style-type: none"> • The Notes offer Holders a floating rate of Interest until the Maturity Date or an earlier date on which the Notes are Redeemed, Converted¹ or Written-off. Payments of Interest are subject to satisfaction of the Solvency Condition (see Section 1.2.3 below). • The Interest Rate is determined quarterly as the sum of the Bank Bill Rate plus the Margin (expressed as a percentage) per annum. • The Margin is 2.30% per annum. • Interest is scheduled to be paid quarterly in arrear beginning on 22 November 2013. The dates on which Interest is paid are referred to as “Interest Payment Dates”. | <p>Section 2.2</p> <p>Conditions 3.1 and 3.2</p> | <p>30-32</p> <p>B.4</p> |
| 1.2.3 Are payments on the Notes conditional? | <ul style="list-style-type: none"> • Payments of Interest will not be made, and the Face Value will not be repaid, unless the Solvency Condition is satisfied. • Any Interest not paid as a consequence of the Solvency Condition accumulates with compounding. • If Westpac does not pay Interest (or repay the Face Value) as a consequence of the Solvency Condition, this will not constitute an Event of Default. | <p>Sections 2.1.1, 2.2.8, 2.12.1, 6.1.4 and 6.1.9</p> <p>Conditions 2.3 and 7</p> | <p>28-29, 32, 48, 80, 83</p> <p>B.3, B.11-B.12</p> |
| 1.2.4 What will happen to my Notes on the Maturity Date? | Westpac must repay the Face Value on the Maturity Date (22 August 2023), provided the Notes have not been Redeemed, Converted or Written-off earlier. Repayment of the Face Value is subject to the Solvency Condition. | <p>Sections 2.4 and 2.5</p> <p>Conditions 4, 5 and 6</p> | <p>33-40</p> <p>B.5-B.11</p> |

1. On Conversion, Holders will not receive any accrued but unpaid Interest up to the Conversion Date.

| Topic | Summary | Further information | Page(s) |
|---|---|---|--|
| 1.2.5 What rights does Westpac have to redeem Notes early and what happens in these circumstances? | <ul style="list-style-type: none"> • If Westpac Redeems the Notes early you will be paid their Face Value, together with accrued and unpaid Interest, and the Notes will be cancelled. • Westpac will have a right to Redeem all or some of the Notes on 22 August 2018 and on each Interest Payment Date thereafter (each being an Optional Redemption Date). • Westpac will also have a right to Redeem all, but not some, of the Notes upon the occurrence of a Tax Event or a Regulatory Event. • Westpac may only Redeem the Notes early if APRA is satisfied with Westpac's capital position, which may mean that Westpac must replace the Notes with regulatory capital of the same or better quality. This is intended to protect Westpac's depositors. • Most importantly, Westpac's ability to Redeem the Notes at any time prior to the scheduled Maturity Date is subject to receiving APRA's prior written approval. There can be no certainty that APRA will provide its prior written approval. | <p>Section 2.4</p> <p>Conditions 4 and 11.2 (definitions of "Tax Event" and "Regulatory Event")</p> | <p>33-35</p> <p>B.5-B.6, B.19-B.20</p> |
| 1.2.6 In what circumstances will the Notes Convert into Ordinary Shares? | <ul style="list-style-type: none"> • Non-Viability Trigger Event: If APRA notifies Westpac in writing that it believes that Westpac is, or would become, non-viable, Westpac may be required to Convert some or all of the Notes to Ordinary Shares (or, where Conversion is not possible, the Notes will be Written-off and the rights of Holders will be terminated). • If Conversion occurs in these circumstances, Holders may receive Ordinary Shares in respect of some or all of the Notes that are worth significantly less than the Face Value for each Note they hold and will not receive accrued but unpaid Interest. | <p>Section 2.5</p> <p>Conditions 5 and 6</p> <p>For further information about the situation where a Non-Viability Trigger Event has occurred but Westpac is not able to issue Ordinary Shares, see Sections 2.5.6 and 6.1.8</p> | <p>36-40</p> <p>B.6-B.11</p> <p>40, 83</p> |

INVESTMENT OVERVIEW

| Topic | Summary | Further information | Page(s) |
|--|--|--|---------------------------------------|
| 1.2.6 In what circumstances will the Notes Convert into Ordinary Shares? (continued) | <ul style="list-style-type: none"> In cases where Westpac is prevented for any reason from Converting Notes into Ordinary Shares within 5 Business Days after the Conversion Date, the rights of Holders (including to payments of accrued but unpaid Interest and repayment of Face Value) will be immediately and irrevocably terminated. Your investment will lose its value and you will not receive any compensation. Holders may notify Westpac that they do not wish to receive Ordinary Shares on Conversion in accordance with the Conditions. In these circumstances, and where a Holder is an Ineligible Holder (including a Foreign Holder), the relevant Ordinary Shares will be issued to a Sale and Transfer Agent to hold on trust for sale for the benefit of such Holder. | | |
| 1.2.7 Do the Notes have voting rights? | <ul style="list-style-type: none"> Holders have no right to vote at any general meeting of Westpac before Conversion. Holders have certain voting rights in respect of the Notes which can be exercised at a meeting of Holders, as set out in the Deed Poll. If Conversion occurs, Holders will become holders of Ordinary Shares and have the voting rights that attach to Ordinary Shares. | Sections 2.8.5, 2.13.1 and 8.2.4 Conditions 1.7, 5.6 and 10.6 | 43, 49, 109 B.2, B.7-B.8, B.15 |
| 1.2.8 How would the Notes rank in a Winding-Up of Westpac? | <ul style="list-style-type: none"> In the event of a Winding-Up, and assuming the Notes are still on issue and have not been Redeemed, or, following a Non-Viability Trigger Event, Converted or Written-off, the Notes rank ahead of Ordinary Shares and other Junior Ranking Capital Instruments and equally among themselves and with other Equal Ranking Instruments, but behind claims of Senior Creditors, including depositors and all holders of Westpac's senior or less subordinated debt. If Conversion occurs, Holders will become holders of Ordinary Shares and, in a Winding-Up of Westpac, will rank equally with all other holders of Ordinary Shares. The table below illustrates how the Notes would rank upon a Winding-Up of Westpac if they are on issue at that time: | Condition 2 | B.2-B.4 |

| Higher ranking | Illustrative examples ¹ | |
|--|--|---|
|  | 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 |
| | Lower Tier 2 Capital Securities (issued prior to 1 January 2013) | Westpac Subordinated Notes 2012, other subordinated bonds, notes and debentures and other subordinated unsecured debt obligations with a fixed maturity date |
| | Tier 2 Capital Securities (issued on or after 1 January 2013) and Upper Tier 2 Capital Securities (issued prior to 1 January 2013) | Westpac Subordinated Notes II, Westpac Perpetual Capital Notes |
| | Tier 1 Capital hybrid securities | Notes or preference shares in respect of TPS 2003, TPS 2004, Westpac TPS, Westpac SPS, Westpac SPS II, Westpac CPS and Westpac Capital Notes |
| | Ordinary shares | Ordinary Shares |
| Lower ranking | | |

| Topic | Summary | Further information | Page(s) |
|----------------------------|---|---------------------------------|---------|
| 1.2.9 ASX quotation | Westpac has applied for the Notes to be quoted on ASX. If ASX does not grant permission for the Notes to be quoted, the Notes will not be issued and all Application Payments will be refunded (without interest) to Applicants as soon as possible. They are expected to trade under the code "WBCHB". | Sections 4.4.1, 6.1.2 and 6.1.3 | 66, 80 |

1. 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 behind, the Notes.

INVESTMENT OVERVIEW

1.3 SUMMARY OF CERTAIN EVENTS WHICH MAY AFFECT WHAT HOLDERS RECEIVE AND WHEN THEY RECEIVE IT

The table below summarises certain events that may affect what Holders may receive in relation to the Notes. The events are subject to contingencies such as Westpac being Solvent and/or the non-viability of Westpac and, in some cases, election by Westpac and accordingly, these events may not occur.

| Event | When? | Are there pre-conditions to the event? | What value will a Holder receive? | In what form will that value be provided to Holders? | Where to find further information? |
|---|---|--|---|--|--|
| Redemption at Westpac's discretion | 22 August 2018 or an Interest Payment Date thereafter | Yes. APRA's prior written approval ¹ , Westpac being adequately capitalised and Westpac being Solvent | Face Value plus any accrued and unpaid Interest | Cash | Section 2.4.4 Conditions 4.3 and 4.8 |
| Redemption on the Maturity Date | 22 August 2023 | Yes, Westpac being Solvent | Face Value plus any accrued and unpaid Interest | Cash | Section 2.4.1 Condition 4.1 |
| Redemption in other circumstances at Westpac's discretion | On each Interest Payment Date following the occurrence of a Tax Event or a Regulatory Event | Yes. APRA's prior written approval ¹ , Westpac being adequately capitalised and Westpac being Solvent | Face Value plus any accrued and unpaid Interest | Cash | Sections 2.4.5 and 2.4.6 Conditions 4.2 and 4.8 |

1. Holders should not expect that APRA's prior written approval will be given.

| Event | When? | Are there pre-conditions to the event? | What value will a Holder receive? | In what form will that value be provided to Holders? | Where to find further information? |
|---|---|--|---|--|------------------------------------|
| Conversion upon a Non-Viability Trigger Event | The date a Non-Viability Trigger Event occurs | Yes, APRA determination of non-viability | A variable value, depending on the value of the Ordinary Shares at the relevant time which may be significantly less than the Face Value of the Notes. Holders will not receive accrued but unpaid Interest | A variable number of Ordinary Shares up to the Maximum Conversion Number. However, if Westpac is unable to Convert the Notes for any reason, the Notes will be Written-off and the rights of Holders (including to payments of Interest and repayment of Face Value) will be terminated. Your investment will lose its value and you will not receive any compensation | Section 2.5 Conditions 5 and 6 |

INVESTMENT OVERVIEW

1.4 KEY BENEFITS AND RISKS ASSOCIATED WITH AN INVESTMENT IN WESTPAC SUBORDINATED NOTES II AND WESTPAC

Before applying for the Notes, you should consider whether the Notes are a suitable investment for you. There are risks involved with investing in the Notes and in Westpac. Many of these risks are outside the control of Westpac and its Directors. These risks include those in this Section 1.4 and Section 6 and any other matters referred to in this Prospectus. Key benefits of the Notes are also described in this Section 1.4.

| Topic | Summary | Further information | Page(s) |
|--|---|---------------------|---------|
| 1.4.1 What are the key benefits of the Notes? | <ul style="list-style-type: none">• Floating rate Interest, being the sum of the Bank Bill Rate determined quarterly plus the Margin.• The Margin is 2.30% per annum.• Interest is payable in cash.• Interest will be paid quarterly in arrear and is cumulative.• Payment of Interest is not deferrable or discretionary. However, Interest is not payable if the Solvency Condition is not satisfied and ceases to be payable if the Notes are Converted following a Non-Viability Trigger Event.• Optional Redemption Dates of 22 August 2018 and each Interest Payment Date thereafter (provided APRA gives its prior written approval, the Solvency Condition is satisfied on the applicable date and a Non-Viability Trigger Event has not occurred).• Fixed Maturity Date of 22 August 2023 (provided the Solvency Condition is satisfied on that date and a Non-Viability Trigger Event has not occurred).• The Notes may be bought or sold on ASX (subject to the liquidity of that market).• Provides investors with an opportunity to diversify their investment portfolios. | Section 2 | 27-49 |

| Topic | Summary | Further information | Page(s) |
|---|--|---------------------------------|-----------|
| 1.4.2 Key risks associated with an investment in the Notes | | | |
| Market price of the Notes may fluctuate | <ul style="list-style-type: none"> It is possible that the Notes may trade at a market price below their Face Value. Circumstances in which the market price of the Notes may decline include general financial market conditions, changes in investor perception and sentiment in relation to Westpac, the availability of better rates of return on other securities issued by Westpac or other issuers and the occurrence of a Non-Viability Trigger Event. | Section 6.1.2 | 80 |
| Liquidity of the Notes may be low | <ul style="list-style-type: none"> The market for the Notes may be volatile and less liquid than the market for Ordinary Shares. Holder s who wish to sell their Notes may be unable to do so at an acceptable price, or at all, if insufficient liquidity exists in the market for the Notes. | Section 6.1.3 | 80 |
| Interest and the Face Value may not be paid if the Solvency Condition is not satisfied | <ul style="list-style-type: none"> There is a risk that Interest will not be paid and that the Face Value will not be repaid, because all payments on the Notes are subject to satisfaction of the Solvency Condition. However, any unpaid Interest will accumulate with compounding (unless Conversion occurs, in which case, accrued but unpaid Interest will not be paid). | Sections 1.2.3, 6.1.4 and 6.1.9 | 8, 80, 83 |
| Changes in the Interest Rate | <ul style="list-style-type: none"> The Interest Rate will fluctuate (increase and/or decrease) over time with movements in the Bank Bill Rate. There is a risk that the rate may become less attractive compared to returns available on comparable securities or investments. | Sections 1.2.2 and 6.1.5 | 8, 81 |

INVESTMENT OVERVIEW

| Topic | Summary | Further information | Page(s) |
|---|--|--|-------------|
| Conversion or Write-off following a Non-Viability Trigger Event | <ul style="list-style-type: none"> The value of Ordinary Shares received for each Note that is Converted upon the occurrence of a Non-Viability Trigger Event may be significantly less than the Face Value of each Note. If, for any reason, Conversion of Notes is not possible following the occurrence of a Non-Viability Trigger Event (for example, due to applicable law, an order of a court or action of any government authority), the Notes will be Written-off and all rights of Holders (including to payments of accrued but unpaid Interest and repayment of Face Value) will be immediately and irrevocably terminated. Your investment will lose its value and you will not receive any compensation. | Sections 1.2.6, 6.1.6, 6.1.7 and 6.1.8 | 9-10, 81-83 |
| The price used to calculate the number of Ordinary Shares to be issued on Conversion may not be the market price | <ul style="list-style-type: none"> The price used to calculate the number of Ordinary Shares to be issued on Conversion may be different to the market price of Ordinary Shares at the time of Conversion because the price used is based on the VWAP during the 5 Business Days immediately preceding the Conversion Date. Also, the Conversion Number is subject to the Maximum Conversion Number. The value of Ordinary Shares you receive may therefore be significantly less than the value of those Ordinary Shares based on the Ordinary Share price on the Conversion Date. | Section 6.1.12 | 84 |
| It is not certain whether and when the Notes will be Redeemed, Converted or Written-off | <ul style="list-style-type: none"> Redemption, Conversion or Write-off may occur in certain circumstances prior to the Maturity Date which may be disadvantageous in light of market conditions or your individual circumstances. | Sections 6.1.13 and 6.1.14 | 84-85 |

| Topic | Summary | Further information | Page(s) |
|---|--|----------------------------------|---------------|
| Ranking of the Notes | <ul style="list-style-type: none"> In the event of a Winding-Up, if the Notes are still on issue and have not been Redeemed, or, following a Non-Viability Trigger Event, Converted or Written-off, they rank ahead of Ordinary Shares and other Junior Ranking Capital Instruments, equally among themselves and with other Equal Ranking Instruments but behind the claims of Senior Creditors (including depositors and all holders of Westpac's senior or less subordinated debt). If there is a shortfall of funds on a Winding-Up to pay the claims of Senior Creditors and holders of other Equal Ranking Instruments, Holders will lose all or some of their investment. | Sections 1.2.8, 2.8.1 and 6.1.10 | 10-11, 42, 83 |
| Future issues of securities by Westpac | <ul style="list-style-type: none"> Westpac may issue further securities which rank equally with, or ahead of, the Notes. | Section 6.1.19 | 86-87 |

1.4.3 Key risks associated with Westpac and the Westpac Group

See Section 6.2 for a description of the risks associated with an investment in Westpac and the Westpac Group.

INVESTMENT OVERVIEW

1.5 KEY DIFFERENCES BETWEEN WESTPAC SUBORDINATED NOTES II AND OTHER WESTPAC INVESTMENTS OR PRODUCTS

| | Westpac Savings Account | Westpac Term Deposit | Westpac Subordinated Notes 2012 | Westpac Subordinated Notes II | Westpac Capital Notes | Ordinary Shares |
|--|-------------------------|-------------------------------------|---|---|--|--------------------------------|
| ASX code | Not quoted on ASX | Not quoted on ASX | WBCHA | WBCHB ¹ | WBCPD | WBC |
| Legal form | Deposit | Deposit | Unsecured subordinated debt obligation | Unsecured subordinated debt obligation | Unsecured subordinated debt obligation | Ordinary share |
| Protection under the Banking Act or Financial Claims Scheme² | Yes ² | Yes ² | No | No | No | No |
| Term | At call (usually) | One month to five years (usually) | 10 years ³ | 10 years ³ | Perpetual with the first possible scheduled conversion date 8 years after issue ⁴ | Perpetual (no maturity date) |
| Issuer early redemption option | No | No | Yes, on 23 August 2017 and each interest payment date after that date, subject to APRA's prior written approval | Yes, on 22 August 2018 and each Interest Payment Date after that date, subject to APRA's prior written approval | Yes, on 8 March 2019, subject to APRA's prior written approval | No |
| Interest/distribution/dividend rate | Variable (usually) | Fixed (usually) | Floating | Floating | Floating | Variable dividends are payable |
| Interest/distribution/dividend payment frequency | Monthly (usually) | End of term or per annum or monthly | Quarterly | Quarterly | Quarterly | Semi-annually |

1. Westpac has applied for the Notes to be quoted on ASX and they are expected to trade under this code.

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

3. Subject to possible early redemption by Westpac in certain circumstances with APRA's prior written approval.

4. Subject to possible early redemption by Westpac (with APRA's prior written approval), transfer or conversion in certain circumstances.

| | Westpac Savings Account | Westpac Term Deposit | Westpac Subordinated Notes 2012 | Westpac Subordinated Notes II | Westpac Capital Notes | Ordinary Shares |
|--|---|----------------------------|---|---|-----------------------|---------------------|
| Are Interest/distributions/dividends discretionary? | No | No | No – however, no interest will be paid if Westpac does not satisfy a solvency condition | No – however, no Interest will be paid if Westpac does not satisfy the Solvency Condition | Yes | Yes |
| Transferable | No | No | Yes – quoted on ASX | Yes – quoted on ASX | Yes – quoted on ASX | Yes – quoted on ASX |
| Investor's ability to withdraw or redeem | Yes | Yes, subject to conditions | No | No | No | No |
| Ranking | See Sections 1.2.8, 2.8, 2.9 and 6.1.10 | | | | | |

INVESTMENT OVERVIEW

| | Westpac Savings Account | Westpac Term Deposit | Westpac Subordinated Notes 2012 | Westpac Subordinated Notes II | Westpac Capital Notes | Ordinary Shares |
|--|-------------------------|----------------------|---------------------------------|--|---|-----------------|
| Conversion into Ordinary Shares | No | No | No | <p>Yes, following a Non-Viability Trigger Event (the Conversion Number is subject to the Maximum Conversion Number)</p> <p>If a Non-Viability Trigger Event occurs and Conversion of Notes is not possible, the Notes will be Written-off and the rights of Holders will be terminated</p> | <p>Yes, following the scheduled conversion date, a capital trigger event, a non-viability trigger event or an acquisition event – the number of shares is subject to a maximum conversion number. Scheduled conversion or conversion on the occurrence of an acquisition event are subject to certain conditions.</p> <p>If a capital trigger event or non-viability trigger event occurs and conversion of notes is not possible, all rights in relation to those notes will be terminated</p> | N/A |

1.6 INFORMATION FOR HOLDERS OF WESTPAC SPS

This Section 1.6 sets out information for current holders of Westpac SPS, who may be eligible to apply under the Reinvestment Offer to sell some or all of their Westpac SPS through the On-Market Buy-Back Facility and to automatically reinvest the sale proceeds in Notes.

| Topic | Summary | Further information | Page(s) |
|---|--|---------------------|---------|
| 1.6.1 What are Westpac SPS? | <ul style="list-style-type: none"> Westpac SPS are stapled securities that consist of a perpetual, unsecured, non-cumulative subordinated note issued by Westpac's New York branch, stapled to a preference share issued by Westpac. Westpac SPS were issued in July 2008. These notes and preference shares cannot be traded separately while they remain stapled. While notes and preference shares are stapled, distributions are payable in respect of the notes only. Westpac SPS trade on ASX under the code "WBCPA". | Section 3.2 | 51 |
| 1.6.2 What is the Reinvestment Offer? | <ul style="list-style-type: none"> The Reinvestment Offer is an opportunity for Eligible Westpac SPS Holders to apply to sell some or all of their Westpac SPS through the On-Market Buy-Back Facility and to automatically reinvest the sale proceeds in Notes. The Westpac SPS are scheduled to convert into a variable number of Ordinary Shares on the Initial Mandatory Conversion Date (26 September 2013). The Reinvestment Offer is not a simple rollover into a similar investment. The Notes and Westpac SPS have different benefits and risks, which must be evaluated separately. | Section 3.1 | 51 |
| 1.6.3 Will Westpac SPS convert into Ordinary Shares or be transferred for cash on the Initial Mandatory Conversion Date? | <ul style="list-style-type: none"> Westpac intends that Non-Participating Westpac SPS will be transferred from Non-Participating Westpac SPS Holders to the Nominated Party on 26 September 2013. Non-Participating Westpac SPS Holders will be paid \$100 per Non-Participating Westpac SPS, plus the Final Distribution of \$0.3495 per Westpac SPS (provided the distribution payment test in the Westpac SPS terms is satisfied). This payment will be made in the same way in which distributions on Westpac SPS have previously been paid. No brokerage will be payable by Non-Participating Westpac SPS Holders. | Section 3.1 | 51 |

INVESTMENT OVERVIEW

| Topic | Summary | Further information | Page(s) |
|--|--|---------------------|---------|
| 1.6.4 What are the terms of the Reinvestment Offer? | <ul style="list-style-type: none"> The On-Market Buying Broker, acting on behalf of Westpac, will offer to purchase on ASX Westpac SPS offered for sale at \$100 per Westpac SPS on the On-Market Buy-Back Date (expected to be 19 August 2013). Eligible Westpac SPS Holders who successfully participate in the Reinvestment Offer will receive one Note for each Westpac SPS sold through the On-Market Buy-Back Facility. | Section 3 | 50-59 |
| 1.6.5 Who can participate in the Reinvestment Offer? | <ul style="list-style-type: none"> To be eligible to participate in the Reinvestment Offer, you must: <ul style="list-style-type: none"> be a registered holder of Westpac SPS on the Reinvestment Offer Record Date, being 7.00pm (Sydney time) on 1 July 2013; and be shown on the Register as having an address in Australia. You will also need to satisfy the conditions outlined in the section entitled "Restrictions in foreign jurisdictions" on the inside front cover of this Prospectus. | Section 3.1 | 51 |
| 1.6.6 What are the options available to Eligible Westpac SPS Holders? | <ul style="list-style-type: none"> If you are an Eligible Westpac SPS Holder, you have a number of options available to you (which are set out in detail in Section 3.3.1): <ul style="list-style-type: none"> apply to reinvest in Notes by selling all of your Westpac SPS under the Reinvestment Offer; apply to reinvest in Notes by selling some, but not all, of your Westpac SPS under the Reinvestment Offer; apply to reinvest in Notes by selling all of your Westpac SPS under the Reinvestment Offer and apply for additional Notes; sell your Westpac SPS on market before the Initial Mandatory Conversion Date; or do nothing. If you are not an Eligible Westpac SPS Holder, or you are otherwise a Non-Participating Westpac SPS Holder, you are limited to the last two options above (being options 4 and 5 in the table in Section 3.3.1). See also Section 3.3.2. | Section 3.3 | 51-54 |

| Topic | Summary | Further information | Page(s) |
|--|--|---------------------|---------|
| 1.6.7 If I elect to participate in the Reinvestment Offer, what distributions will I receive on my Westpac SPS? | <ul style="list-style-type: none"> If you are an Eligible Westpac SPS Holder and you elect to participate in the Reinvestment Offer, you will receive a Pro-Rata Distribution of \$0.5293 per Reinvested Westpac SPS on 29 August 2013 (provided the distribution payment test in the Westpac SPS terms is satisfied). The Pro-Rata Distribution is for the period from (but excluding) 30 June 2013 to (and including) the Issue Date (22 August 2013). The Pro-Rata Distribution cannot be reinvested in Notes under the Reinvestment Offer because the Offer will have closed before it is paid. The Pro-Rata Distribution is the last distribution you will receive on any Reinvested Westpac SPS. | Section 3.4.1 | 54-55 |
| 1.6.8 Will I receive a priority allocation of Notes? | <ul style="list-style-type: none"> Westpac will give priority to Applications received under the Reinvestment Offer in respect of Reinvested Westpac SPS when allocating the Notes. | Section 3.8.3 | 58-59 |
| 1.6.9 What are the risks associated with participating in the Reinvestment Offer? | <ul style="list-style-type: none"> The main risks of participating in the Reinvestment Offer are the risks related to investing in Notes. In addition, there is a risk that holders of Westpac SPS may not receive the full allocation of Notes that they apply for, in which case, the balance of their Westpac SPS will not be reinvested under the Reinvestment Offer. See Section 1.6.10 below for an explanation of what will happen to Westpac SPS in these circumstances. | Section 3.6 | 57 |

INVESTMENT OVERVIEW

| Topic | Summary | Further information | Page(s) |
|---|---|---------------------|---------|
| 1.6.10 If I choose not to reinvest all or some of my Westpac SPS in Notes, what happens to my remaining Westpac SPS? | <ul style="list-style-type: none"> • Whether or not you choose to participate in the Reinvestment Offer, holders of Westpac SPS on the record date for the Pro-Rata Distribution will receive a Pro-Rata Distribution of \$0.5293 per Westpac SPS on 29 August 2013 (provided the distribution payment test in the Westpac SPS terms is satisfied). The Pro-Rata Distribution is for the period from (but excluding) 30 June 2013 to (and including) the Issue Date (22 August 2013). • Westpac intends that Non-Participating Westpac SPS will be transferred from Non-Participating Westpac SPS Holders to the Nominated Party on 26 September 2013. Non-Participating Westpac SPS Holders will be paid \$100 per Non-Participating Westpac SPS, plus the Final Distribution of \$0.3495 per Westpac SPS (provided the distribution payment test in the Westpac SPS terms is satisfied). This payment will be made in the same way in which distributions on Westpac SPS have previously been paid. No brokerage will be payable by Non-Participating Westpac SPS Holders. • To the extent that you continue to hold your Westpac SPS until the last day of trading (expected to be on 11 September 2013), you will (provided the distribution payment test in the Westpac SPS terms is satisfied), receive a Final Distribution of \$0.3495 per Westpac SPS on 26 September 2013. This will be for the period from (but excluding) the Issue Date (of the Notes) to (and including) 26 September 2013. This will be the final distribution paid on Westpac SPS. | Section 3.8.4 | 59 |
| 1.6.11 What are the taxation consequences of the Reinvestment Offer? | <ul style="list-style-type: none"> • You should obtain your own taxation advice regarding the implications of participating in the Reinvestment Offer, having regard to your individual circumstances. • Section 7 provides information about the general taxation consequences of participating in the Reinvestment Offer. | Section 7 | 96-106 |

1.7 INFORMATION ABOUT THE OFFER AND HOW TO APPLY

| Topic | Summary | Further information | Page(s) |
|---|--|-----------------------------|-----------|
| 1.7.1 How is the Offer structured and who can apply? | <ul style="list-style-type: none"> The Offer consists of: <ul style="list-style-type: none"> a Reinvestment Offer – a priority offer to Eligible Westpac SPS Holders; a Securityholder Offer – to Eligible Securityholders; a Broker Firm Offer – to clients of the Syndicate Brokers; and an Institutional Offer – to Institutional Investors invited by Westpac Institutional Bank. Applications may be scaled back if there is excess demand. There is no general public offer of the Notes. However, Westpac reserves the right to accept Applications from other persons at its discretion. | Sections 4.1 and 4.2 | 61-65 |
| 1.7.2 How to apply? | <ul style="list-style-type: none"> For information on how to apply for the Notes, see Section 4.2 and the Application Forms. | Section 4.2 | 61-65 |
| 1.7.3 What are the key dates for the Offer? | <ul style="list-style-type: none"> Please refer to pages 3 and 4 for key dates associated with the Offer, including for the Reinvestment Offer. | Key dates | 3-4 |
| 1.7.4 Is there a minimum amount to be raised? | <ul style="list-style-type: none"> No. The Offer is for the issue of Notes to raise approximately \$850 million with the ability to raise more or less. | Section 4.1 | 61 |
| 1.7.5 Is the Offer underwritten? | <ul style="list-style-type: none"> No. | Section 8.4 | 109-110 |
| 1.7.6 Is there a minimum Application size? | <ul style="list-style-type: none"> Yes. Applications must be for a minimum of 50 Notes (\$5,000), and thereafter in multiples of 10 Notes (\$1,000). These requirements do not necessarily apply to Eligible Westpac SPS Holders, who may apply to reinvest a smaller number of Westpac SPS in certain circumstances. | Sections 3.8.2, 4.1 and 4.2 | 58, 61-65 |
| 1.7.7 Is brokerage or stamp duty payable? | <ul style="list-style-type: none"> No brokerage or stamp duty is payable to Westpac on your Application. You may have to pay brokerage on any subsequent trading of your Notes on ASX after the Notes have been quoted on ASX. | Section 4.2.2 | 64 |

INVESTMENT OVERVIEW

| Topic | Summary | Further information | Page(s) |
|--|--|-------------------------------|------------|
| 1.7.8 What are the taxation consequences of the Offer? | <ul style="list-style-type: none"> A general description of the Australian taxation consequences of investing in Notes and of the Reinvestment Offer is set out in the Taxation Letter in Section 7. The taxation consequences of investing in the Notes and of participating in the Reinvestment Offer will depend on your individual circumstances. You should obtain your own taxation advice before you invest in, hold or dispose of Notes. | Section 7 | 96-106 |
| 1.7.9 How will I receive confirmation of my Allocation prior to receiving my Holding Statement? | <ul style="list-style-type: none"> Westpac will announce the basis of Allocation by placing advertisements in major national and metropolitan newspapers in Australia on or before 23 August 2013. If you have applied under the Reinvestment Offer or the Securityholder Offer, you should call the Westpac Subordinated Notes II Information Line (Monday to Friday, 8.30am to 5.30pm, Sydney time) on 1300 551 756 to find out your Allocation. If you are a Broker Firm Applicant (which includes Eligible Westpac SPS Holders participating in the Reinvestment Offer through a Syndicate Broker) you should contact your Syndicate Broker to find out your Allocation. | Sections 2.1.3, 4.4.2 and 4.6 | 29, 66, 67 |

2

INFORMATION ABOUT WESTPAC SUBORDINATED NOTES II

**This section provides an overview of
Westpac Subordinated Notes II.**

INFORMATION ABOUT WESTPAC SUBORDINATED NOTES II

2.1 DESCRIPTION OF WESTPAC SUBORDINATED NOTES II

| Topic | Summary | Further information | Page(s) |
|---------------------------|---|--------------------------------|--------------|
| 2.1.1 What are the Notes? | <p>The Notes are fully paid, redeemable, subordinated, unsecured and registered debt obligations issued by Westpac, which, if they are still on issue and have not been Redeemed, or, following a Non-Viability Trigger Event, Converted or Written-off, rank for payment in priority to Ordinary Shares and other Junior Ranking Capital Instruments in a Winding-Up.</p> <p>The Notes:</p> <ul style="list-style-type: none"> offer Holders a floating rate of Interest payable quarterly in arrear, subject to satisfaction of the Solvency Condition; will be Redeemed on 22 August 2023 (being the Maturity Date), subject to the Solvency Condition; may be Redeemed at the election of Westpac in certain circumstances including: <ul style="list-style-type: none"> on 22 August 2018 and on each Interest Payment Date thereafter; or on each Interest Payment Date following the occurrence of a Tax Event or a Regulatory Event. <p>Early Redemption is subject to several conditions, including the Solvency Condition and to Westpac receiving APRA's prior written approval. Approval is at the discretion of APRA and may or may not be given;</p> <ul style="list-style-type: none"> are not guaranteed, secured or subject to any priority or protection under the Banking Act or Financial Claims Scheme; and may be Converted into Ordinary Shares, or Written-off, upon the occurrence of a Non-Viability Trigger Event. <p>Solvency Condition</p> <p>Prior to a Winding-Up, Westpac may not make any payment in respect of the Notes unless it is Solvent at the time of payment and would be Solvent immediately after making such payment.</p> <p>Ranking</p> <p>In a Winding-Up, if the Notes:</p> <ul style="list-style-type: none"> are still on issue and have not been Redeemed, or, following a Non-Viability Trigger Event, Converted or Written-off, the Notes rank in priority to Ordinary Shares and other Junior Ranking Capital Instruments and equally among themselves and with other Equal Ranking Instruments and behind the claims of Senior Creditors (including depositors and all holders of Westpac's senior or less subordinated debt); or | Sections 2.2, 2.4, 2.5 and 2.8 | 30-40, 42-44 |

| Topic | Summary | Further information | Page(s) |
|---|--|---------------------------------|---------|
| | <ul style="list-style-type: none"> have been Converted into Ordinary Shares, holders of the Ordinary Shares will rank equally with other holders of Ordinary Shares. | | |
| 2.1.2 Can the Notes be traded on ASX? | <p>Westpac has applied for the Notes to be quoted on ASX. It is expected that the Notes will trade under ASX code 'WBCHB'. However, quotation is not guaranteed. If ASX does not grant permission for the Notes to be quoted, then the Notes will not be issued and all Application Payments will be refunded (without interest) to Applicants as soon as possible.</p> <p>If the Notes are quoted on ASX you will be able to buy or sell Notes through your broker at the market price at the time. The market price of the Notes may fluctuate due to a number of factors. There can be no assurances as to what that price will be.</p> | Sections 4.4.1, 6.1.2 and 6.1.3 | 66, 80 |
| 2.1.3 How do I find out my Allocation of Notes? | <p>If you are an Eligible Westpac SPS Holder or an Eligible Securityholder, you should call the Westpac Subordinated Notes II Information Line (Monday to Friday, 8.30am to 5.30pm, Sydney time) on 1300 551 756. If you are a Broker Firm Applicant (which includes Eligible Westpac SPS Holders participating in the Reinvestment Offer through a Syndicate Broker) and wish to find out your Allocation of Notes prior to receiving your Holding Statement, you should contact your Syndicate Broker.</p> | Sections 4.4.2 and 4.6 | 66, 67 |
| 2.1.4 Do the Notes have a Maturity Date? | Yes. 22 August 2023. | See Section 2.4.2 | 33 |
| 2.1.5 What are the taxation consequences of investing in, holding or disposing of the Notes? | <p>General information about the Australian taxation consequences of investing in the Notes is set out in the Taxation Letter in Section 7.</p> <p>The taxation consequences of investing in the Notes will depend on your individual circumstances. You should obtain your own taxation advice before you invest in, hold, or dispose of Notes.</p> | Section 7 | 96-106 |

INFORMATION ABOUT WESTPAC SUBORDINATED NOTES II

2.2 INTEREST

| Topic | Summary | Further information | Page(s) |
|--|--|---------------------|---------|
| 2.2.1 How and when is Interest payable? | <p>Subject to the Solvency Condition, Interest will be payable on the Notes at the Interest Rate and is expected to be paid quarterly in arrear on each 22 February, 22 May, 22 August and 22 November¹, commencing on 22 November 2013 to and including the Maturity Date (or such earlier date on which the Notes are Redeemed, Converted or Written-off).</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>The first Interest Period runs from (and including) the Issue Date to (but excluding) 22 November 2013.</p> <p>Thereafter, each Interest Period runs from (and including) the previous Interest Payment Date to (but excluding) the next Interest Payment Date.</p> <p>Interest will be paid to persons who are Holders on the Record Date in respect of the Interest Payment.</p> | Condition 3 | B.4-B.5 |
| 2.2.2 How will the Interest Rate be determined? | <p>The Notes pay Interest at the Bank Bill Rate plus the Margin. The Interest Rate will vary each quarter based on changes in the Bank Bill Rate. The Margin is fixed for the term of the Notes and will not change. The Interest Rate is calculated using the following formula:</p> <div style="border: 1px solid black; padding: 5px; margin: 10px 0;"> <p>Interest Rate = Bank Bill Rate + Margin</p> <p>Bank Bill Rate:</p> <p>The Bank Bill Rate is set on the first Business Day of each Interest Period (which for the first Interest Period is the Issue Date).</p> <p>Margin:</p> <p>The Margin is 2.30% per annum.</p> </div> <p>While the 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> | Condition 3.1 | B.4 |

1. Each date assumes an Issue Date of 22 August 2013.

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| 2.2.3 How will Interest be calculated? | <p>Interest for each Interest Period will be 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 \$100 (unless reduced following a prior partial Conversion or Write-off of Notes);</p> <p>Interest Rate is the Bank Bill Rate + Margin; and</p> <p>N is the number of days in the Interest Period.</p> <p>For example, if the Face Value was \$100, the Bank Bill Rate was 2.7500%¹ per annum, the Margin is 2.3000% per annum and the Interest Period was 90 days², the Interest for the period would be calculated as follows:</p> $\frac{\$100 \times 5.0500\%^3 \times 90}{365} = \$1.2452^4 \text{ per Note}$ | Condition 3.1 | B.4 |
| 2.2.4 Will Holders receive franking credits? | No. Holders will not receive franking credits in respect of Interest. | | |
| 2.2.5 Will the Margin change? | No. The Margin will not change from 2.30% per annum. | Condition 3.1 | B.4 |
| 2.2.6 What is the Bank Bill Rate? | The Bank Bill Rate is a key benchmark interest rate for the Australian money market. It is currently based on an average of mid-rates at which major Australian financial institutions are prepared to lend short-term cash to each other by buying bills having a tenor of 90 days. This rate changes to reflect supply and demand within the cash and currency markets. | Conditions 3.1 and 11.2 (definition of "Bank Bill Rate") | B.4, B.17 |

1. The 90 day Bank Bill Rate on 17 July 2013 was 2.7500% per annum.

2. Interest Periods will generally have either 90, 91 or 92 days in them.

3. The Interest Rate on which this calculation is based, and the Interest, are for illustrative purposes only and do not indicate the actual Interest Rate or Interest. It is not a guarantee or forecast of the actual Interest that may be paid.

4. All calculations of Interest will be rounded to four decimal places. Any fraction of a cent is disregarded when paying Interest on a Holder's aggregate holding of Notes.

INFORMATION ABOUT WESTPAC SUBORDINATED NOTES II

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| 2.2.7 How will Interest be paid? | <p>Interest will be paid in Australian dollars. Interest will only be paid directly into an Australian dollar account of a financial institution. If you are Allotted any Notes, when you are sent your Holding Statement you will receive a form on which you must provide your Australian dollar financial institution account details.</p> <p>If you do not provide these account details to the Registrar, or if any Interest is not successfully paid to you, then you will be sent a notice advising you of the amount of the Interest. In that case the funds will be held in a bank account (maintained by Westpac) as a non-interest bearing deposit until such time as you provide appropriate account details or Westpac is entitled to or obliged to deal with the amount in accordance with the law relating to unclaimed monies.</p> <p>Westpac reserves the right to vary the way in which any Interest is paid in accordance with the Conditions (provided that Interest must always be paid in cash).</p> | Condition 8 | B.12- B.13 |
| 2.2.8 What happens if Interest is not paid in full? | <p>If any amount of Interest is not paid because the Solvency Condition has not been satisfied it continues to accrue with compounding. If Interest is not paid and the Solvency Condition has been satisfied, this may constitute an Event of Default.</p> | <p>Section 2.12</p> <p>Conditions 3.4 and 7</p> | <p>48</p> <p>B.4, B.11- B.12</p> |

2.3 USE OF PROCEEDS

| Topic | Summary | Further information | Page(s) |
|--|---|------------------------|-----------------|
| 2.3.1 Why is Westpac issuing the Notes? | <p>Westpac is issuing the Notes to raise regulatory capital which satisfies the requirements of APRA. The Notes qualify as Tier 2 Capital for APRA purposes. The proceeds received under the Offer will be used by Westpac for general business purposes.</p> | Sections 2.6 and 5.2.4 | 40-41, 74-76 |

2.4 REDEMPTION AND REPAYMENT OF FACE VALUE

| Topic | Summary | Further information | Page(s) |
|---|--|---|----------------------|
| 2.4.1 When will the Face Value of my Notes be repaid to me? | <p>Provided that Notes have not been Redeemed, Converted or Written-off earlier, and subject to the Solvency Condition, on the Maturity Date Holders will receive:</p> <ul style="list-style-type: none"> the Face Value; plus any accrued and unpaid Interest, per Note held. | Condition 4.1 | B.5 |
| 2.4.2 What is the Maturity Date? | <p>Assuming that the Issue Date is 22 August 2013, the scheduled Maturity Date is 22 August 2023, being the tenth anniversary of the Issue Date. However, Notes may have been Redeemed, Converted or Written-off prior to that date.</p> | Conditions 4.1 and 11.2 (definition of "Maturity Date") | B.5, B.18 |
| 2.4.3 May I ask Westpac to Redeem my Notes? | <p>No. Holders may not request Westpac to Redeem their Notes prior to the Maturity Date.</p> | <p>Section 2.7.2</p> <p>Condition 4.6</p> | <p>42</p> <p>B.5</p> |
| 2.4.4 In what circumstances can Redemption occur prior to the Maturity Date? | <p>Westpac may elect to Redeem:</p> <ul style="list-style-type: none"> all or some of the Notes on 22 August 2018 and on each Interest Payment Date thereafter; or all (but not some) of the Notes on each Interest Payment Date following the occurrence of a Tax Event or a Regulatory Event. <p>Redemption in each of the above circumstances is subject to the following:</p> <ul style="list-style-type: none"> the Solvency Condition having been satisfied; Westpac having replaced, or concurrently with Redemption, replacing the Notes with a capital instrument which is of the same or better quality than the Notes (or obtained confirmation from APRA that Westpac does not have to replace the Notes); APRA having given its prior written approval to the Redemption (approval is at the discretion of APRA and may or may not be given); and Westpac having given the requisite notice to Holders. <p>Before Westpac gives notice of an election to Redeem because of a Tax Event, it must have received a supporting opinion of reputable legal counsel or other tax adviser in Australia experienced in such matters in relation to the Tax Event.</p> | Condition 4 | B.5-B.6 |

INFORMATION ABOUT WESTPAC SUBORDINATED NOTES II

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| 2.4.4 In what circumstances can Redemption occur prior to the Maturity Date? (continued) | <p>Before Westpac gives notice of an election to Redeem because of a Regulatory Event, it must have received a supporting opinion of reputable legal counsel in Australia experienced in such matters, or confirmation from APRA, in relation to such Regulatory Event.</p> <p>In addition, as at the Issue Date, Westpac must not have expected that the relevant Tax Event or Regulatory Event would occur.</p> | | |
| 2.4.5 What is a Tax Event? | <p>A Tax Event will occur if:</p> <ul style="list-style-type: none"> Westpac determines that, as a result of an amendment to, clarification of or change or prospective change in Tax Legislation or an Administrative Action under or in connection with Tax Legislation after the Issue Date, there is a material risk that Westpac would be exposed to a more than de minimis adverse tax consequence in relation to the Notes; or Westpac determines that any interest payable on the Notes is not, or may not be, allowed as a deduction for the purposes of Australian income tax, <p>in each case, a circumstance, change or event which Westpac did not expect as at the Issue Date.</p> | Conditions 4.2 and 11.2 (definition of "Tax Event") | B.5, B.20 |
| 2.4.6 What is a Regulatory Event? | <p>A Regulatory Event will occur if:</p> <ul style="list-style-type: none"> as a result of an amendment to, clarification of or change or prospective change in Australian law or regulations or an Administrative Action after the Issue Date (provided it was not expected by Westpac as at the Issue Date), additional requirements would be imposed on the Westpac Group in relation to the Notes or there would be a negative impact on the eligibility of the Notes as Tier 2 Capital, which Westpac determines in its sole discretion, to be unacceptable; or Westpac determines that all, some or a proportion of all or some Notes are not or will not be treated as Tier 2 Capital, other than as a result of a change of treatment expected by Westpac as at the Issue Date. | Conditions 4.2 and 11.2 (definition of "Regulatory Event") | B.5, B.19 |

| Topic | Summary | Further information | Page(s) |
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| 2.4.7 What happens if an Approved Successor is put in place? | <p>Where it is proposed that Westpac be replaced as the ultimate holding company of the Westpac Group by an Approved Successor and certain other conditions are satisfied, Westpac may, provided that APRA's prior written approval is obtained, make amendments to the Conditions to effect the substitution of the Approved Successor as the debtor in respect of the Notes and the issuer of any ordinary shares on Conversion. Accordingly, if:</p> <ul style="list-style-type: none"> • Westpac is replaced by an Approved Successor as the ultimate holding company of the Westpac Group; and • a substitution of the Approved Successor as the debtor in respect of the Notes and the issuer of any ordinary shares on Conversion is effected under the Conditions, <p>Holder(s) will be obliged to accept Approved Successor Shares on Conversion and will not receive Ordinary Shares on Conversion.</p> | Condition 10.4 | B.14- B.15 |

INFORMATION ABOUT WESTPAC SUBORDINATED NOTES II

2.5 CONVERSION FOLLOWING A NON-VIABILITY TRIGGER EVENT

| Topic | Summary | Further information | Page(s) |
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| 2.5.1 When will Notes be Converted? | Some or all of the Notes may be Converted into Ordinary Shares immediately following a Non-Viability Trigger Event. | Sections 2.5.2 and 6.1.6 | 37, 81 |
| | <p>If Conversion is not possible, the Notes will be Written-off and Holders' rights will be terminated.</p> <p>Whether a Non-Viability Trigger Event will occur is at the discretion of APRA.</p> <p>The proportion of Notes that will be Converted in these circumstances may or may not be determined by APRA.</p> <p>In determining the number of Notes, or the percentage of the Face Value of each Note, which must be Converted, Westpac will first convert or write-down such number or amount of the face value of outstanding Relevant Tier 1 Securities before Conversion of the Notes as is necessary to satisfy APRA that Westpac will no longer be non-viable. If conversion or write-down of those Relevant Tier 1 Securities is not sufficient, Westpac will Convert the Notes and/or convert or write-down Relevant Tier 2 Securities on a pro-rata basis or in a manner that is otherwise, in the opinion of Westpac, fair and reasonable, in an aggregate number or amount which, when added to the number or amount of Relevant Tier 1 Securities converted or written-off, will satisfy APRA that Westpac will no longer be non-viable.</p> <p>Such determination by Westpac will not impede the immediate Conversion of the Notes or, if applicable, Write-off of the Notes and termination of the relevant Holders' rights and claims.</p> | Conditions 5 and 6 | B.6-B.11 |

| Topic | Summary | Further information | Page(s) |
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| 2.5.2 When will a Non-Viability Trigger Event occur? | A Non-Viability Trigger Event will occur when APRA notifies Westpac in writing that it believes Conversion of some or all of the Notes, or conversion or write-down of other capital instruments of the Westpac Group, or a public sector injection of capital, or equivalent support, is necessary because, without it, Westpac would become non-viable. | Section 6.1.6 | 81 |
| | Whether a Non-Viability Trigger Event will occur is at the discretion of APRA and there are currently no Australian precedents for this. APRA has not given any guidance as to how it would determine non-viability and has indicated that it will not publish guidance on the parameters it will use to determine non-viability. Non-viability could be expected to include serious impairment of the Westpac Group's financial position and insolvency, but may not be confined to solvency measures and capital ratios and may include other matters such as liquidity. | Condition 5.1 (definition of "Non-Viability Trigger Event") | B.6 |
| 2.5.3 How many Ordinary Shares will I receive if the Notes are Converted? | Upon Conversion, Holders will receive a variable number of Ordinary Shares for each Note they hold calculated using the following formula: | Section 6.1.7 | 81-83 |
| | <div style="border: 1px solid black; padding: 10px; margin: 10px 0;"> <p style="text-align: center;">Face Value</p> <p style="text-align: center;">$0.99^1 \times \text{VWAP}$</p> <p>Face Value: \$100 per Note (unless reduced following a prior partial Conversion or Write-off of Notes);</p> <p>VWAP: The VWAP during the VWAP Period; and</p> <p>VWAP Period: the period of 5 Business Days on which trading in Ordinary Shares took place immediately preceding (but not including) the Non-Viability Trigger Event Date.</p> </div> <p>In respect of each Note Converted, Holders will receive a number of Ordinary Shares equal to the lower of:</p> <ul style="list-style-type: none"> the Maximum Conversion Number (as described below); and the Conversion Number (calculated in the manner described above). <p>Limiting the number of Ordinary Shares to the Maximum Conversion Number means that Holders may receive a number of Ordinary Shares that have a market value that is significantly less than the Face Value.</p> | Condition 6 | B.8-B.11 |

1. This reflects a conversion discount of 1% (or 0.01 expressed as a decimal).

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| 2.5.4 Is there a maximum number of Ordinary Shares I will receive on Conversion? | Yes. The Maximum Conversion Number is used to limit the number of Ordinary Shares to be issued on Conversion. | Section 6.1.7 | 81-83 |
| | The Maximum Conversion Number is calculated using the following formula: | Condition 6.1 | B.8-B.9 |
| <div style="border: 1px solid black; padding: 10px; margin: 10px auto; width: fit-content;"> <p style="text-align: center;">Face Value</p> <hr style="width: 50%; margin: 0 auto;"/> <p style="text-align: center;">0.20 x Issue Date VWAP</p> <p>Face Value: \$100 per Note (unless reduced following a prior partial Conversion or Write-off of Notes); and</p> <p>Issue Date VWAP: The VWAP of Ordinary Shares for the 20 Business Days on which trading in Ordinary Shares took place immediately preceding, but not including, the Issue Date (as adjusted in accordance with the Conditions).</p> </div> | | | |
| <p>The Maximum Conversion Number may be adjusted up or down to reflect transactions affecting the capital of Westpac (including bonus issues, share splits, consolidations or other similar transactions not involving any cash payment to or by holders of Ordinary Shares, but not including other transactions which may affect the price of Ordinary Shares, including, for example, rights issues, returns of capital, buy-backs or special dividends).</p> | | | |

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| 2.5.5 What if I do not wish to receive Ordinary Shares on Conversion, or I am an Ineligible Holder? | <ul style="list-style-type: none"> • If a Holder has notified Westpac that it does not wish to receive Ordinary Shares as a result of Conversion (such notice may be given after the Issue Date and no less than 15 Business Days prior to the Conversion Date), then, on the Conversion Date, the rights of that Holder (including to payments of Interest and repayment of Face Value) will be immediately and irrevocably terminated. Westpac will then issue the relevant number of Ordinary Shares to one or more Sale and Transfer Agents, for no additional consideration, to hold on trust for sale for the benefit of the relevant Holder. • Given the 15 Business Day notice period required and that a Conversion Date could be determined without notice, Holders should notify Westpac promptly after purchase if they do not wish to receive Ordinary Shares upon any Conversion. • Where Notes held by Ineligible Holders (including Foreign Holders) are required to be Converted, the relevant number of Ordinary Shares will also be issued to one or more Sale and Transfer Agents to hold on trust for sale for the benefit of those Holders. • The Sale and Transfer Agents will at the first opportunity, sell the Ordinary Shares issued to them, in the circumstances described above, at market value. The proceeds of the sale less selling costs will be paid to the relevant Holders. • In cases where Westpac is prevented for any reason from issuing the Ordinary Shares to a Sale and Transfer Agent within 5 Business Days, the Notes will be Written-off and the rights of the relevant Holders will be immediately and irrevocably terminated. Your investment will lose its value and you will not receive any compensation. | Condition 6.9 | B.10 |

INFORMATION ABOUT WESTPAC SUBORDINATED NOTES II

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| 2.5.6 What happens if Westpac is unable to issue Ordinary Shares following a Non-Viability Trigger Event? | <p>If Conversion of Notes is not possible due to applicable law, order of a court or action of any government authority (including regarding the insolvency, Winding-Up or other external administration of Westpac) or for any other reason and Westpac is not able to issue the Ordinary Shares within 5 Business Days following a Non-Viability Trigger Event, then the Notes will be Written-off and the rights of Holders in relation to those Notes will be immediately and irrevocably terminated.</p> <p>In addition, if any accrued Interest is not paid because the Notes have been Converted, it will be Written-off and will not be paid. Your investment will lose its value and you will not receive any compensation.</p> | <p>Section 6.1.8</p> <p>Condition 5.5</p> | <p>83</p> <p>B.7</p> |

2.6 REGULATORY TREATMENT OF WESTPAC SUBORDINATED NOTES II

| Topic | Summary | Further information | Page(s) |
|--|--|---------------------|---------|
| 2.6.1 Who is APRA? | <p>APRA is the prudential regulator of the Australian financial services industry. It oversees banks, credit unions, building societies, general insurance and reinsurance companies, life insurers, friendly societies, and most members of the superannuation industry.</p> | Section 5.2.1 | 73 |
| 2.6.2 What is regulatory capital? | <p>Capital is the cornerstone of an ADI's financial strength. It supports an ADI's operations by providing a buffer to absorb unanticipated losses from its activities and, in the event of problems, assists the ADI to continue to operate in a sound and viable manner while problems are addressed or resolved.</p> <p>For regulatory capital 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.</p> | Section 5.2.3 | 74 |

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| 2.6.3 What is Tier 2 Capital? | Tier 2 Capital is comprised of capital instruments with loss absorption characteristics that do not satisfy the criteria for Tier 1 Capital. Tier 2 Capital ranks behind the claims of depositors and other Senior Creditors in a Winding-Up. | Sections 5.2.2 and 5.2.3 | 73-74 |
| 2.6.4 How are the Notes treated by APRA for regulatory capital purposes? | The Notes are eligible for inclusion as Tier 2 Capital and qualify as regulatory capital of the Westpac Group for APRA purposes. | Sections 5.2.2 and 5.2.3 | 73-74 |

2.7 RETURN ON YOUR INVESTMENT GENERALLY

| Topic | Summary | Further information | Page(s) |
|--|---|---------------------------------|-----------|
| 2.7.1 Are Interest and Face Value guaranteed? | <p>No. Payments of Interest and repayment of Face Value are not guaranteed by Westpac or any other member of the Westpac Group and are not guaranteed or insured by any government agency or by any other person.</p> <p>The value of the Notes as quoted on ASX may be lower or higher than the Face Value paid by you for the Notes. This may be due to a number of factors including prevailing interest rates, other economic factors, Westpac's financial performance and position, the Interest actually paid and other matters.</p> <p>If a Non-Viability Trigger Event occurs, the Notes may be Converted. On Conversion, unless you are an Ineligible Holder or have elected not to receive Ordinary Shares on Conversion, you will be issued with Ordinary Shares and therefore be directly exposed to movements in the price of Ordinary Shares traded on ASX and the financial performance and position of Westpac.</p> | Sections 6.1.2, 6.1.7 and 6.1.9 | 80, 81-83 |

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| 2.7.2 Will you be able to request Redemption, Conversion or Write-off of your Notes once you have invested in them? | No. Holders have no right to request or require Westpac to Redeem, Convert or Write-off their Notes. | Section 6.1.13 | 84 |
| | To realise your investment, unless Westpac elects to Redeem the Notes early (subject to APRA's prior written approval), you can sell your Notes on ASX at the prevailing market price subject to the liquidity of that market. There can be no assurance as to the liquidity or the market price for the Notes. The market price of the Notes may be higher or lower than the Face Value, and will depend, among other things, on the level of supply and demand for the Notes. | Condition 4.6 | B.5 |
| | | | |
| 2.7.3 Is it possible that Redemption, Conversion or Write-off will not occur prior to the Maturity Date? | Yes. If Westpac does not elect to Redeem Notes early, APRA does not provide its prior written approval for early Redemption, or a Non-Viability Trigger Event does not occur, Holders will not have their Notes Redeemed, Converted or Written-off prior to the Maturity Date, so unless they choose to sell their Notes, they will hold their Notes until the Maturity Date. | Conditions 4 and 5 | B.5-B.8 |

2.8 RANKING AND VOTING RIGHTS OF WESTPAC SUBORDINATED NOTES II

| Topic | Summary | Further information | Page(s) |
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| 2.8.1 Where do the Notes rank in a Winding-Up? | In the event of a Winding-Up, and assuming the Notes are still on issue and have not been Redeemed, or, following a Non-Viability Trigger Event, Converted or Written-off, the right of Holders to receive a return of capital will rank ahead of Ordinary Shares and other Junior Ranking Capital Instruments, equally among themselves and with other Equal Ranking Instruments, but behind claims of Senior Creditors (including depositors and all holders of Westpac's senior or less subordinated debt). | Sections 6.1.10 and 6.1.21 | 83, 87 |
| | If Conversion has occurred prior to a Winding-Up, Holders will hold Ordinary Shares and rank equally with other holders of Ordinary Shares. | Condition 2 | B.2-B.4 |
| | For the potential effect on the assets of Westpac available to meet the claims of a Holder in a Winding-Up where Westpac is replaced by an Approved Successor as the ultimate holding company of the Westpac Group, see Section 6.1.21. | | |

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| 2.8.2 Are the Notes deposit liabilities or protected accounts? | No. The Notes are not deposit liabilities or protected accounts of Westpac for the purposes of the Banking Act or the Financial Claims Scheme. | Section 6.1.1 Condition 2.1 | 80 B.2-B.3 |
| 2.8.3 Is Westpac restricted in relation to other securities it may issue? | No. Westpac may issue other securities, including further Notes, or other Capital Securities, that rank equally with, ahead of or behind the Notes whether in respect of interest, repayment of principal in a Winding-Up of Westpac or otherwise, without the approval of Holders. | Section 6.1.19 Condition 10.1 | 86-87 B.13 |
| 2.8.4 Do the Notes have any participation rights? | No. The Notes do not carry a right for Holders to participate in new issues of Westpac securities. | Sections 6.1.19 and 8.1 Condition 1.7 | 86-87, 108 B.2 |
| 2.8.5 Do you have voting rights in Westpac? | No. Holders have no right to vote at any general meeting of Westpac before Conversion. Holders have certain voting rights in respect of the Notes which can be exercised at a meeting of Holders, as set out in the Deed Poll. Following any Conversion, Holders will become holders of Ordinary Shares and have the voting rights that attach to Ordinary Shares. | Sections 2.13.1 and 8.2.4 Conditions 1.7, 5.6 and 10.6 | 49, 109 B.2, B.7-B.8, B.15 |
| 2.8.6 Can the Conditions of the Notes be amended? | No amendment to the Conditions is permitted without APRA's prior written approval if such amendment would affect the eligibility of Notes as Tier 2 Capital. Subject to complying with all applicable laws and with APRA's prior written approval (when required), Westpac may amend the Conditions without the consent of Holders provided that Westpac is of the opinion that the amendment is 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 materially adversely affect the rights of Holders. Westpac may also amend the Conditions (with APRA's prior written approval, when required): | Section 6.1.20 Conditions 10.2, 10.3 and 10.4 | 87 B.14- B.15 |

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| 2.8.6 Can the Conditions of the Notes be amended? (continued) | <ul style="list-style-type: none"> if the amendment has been approved by Holders in accordance with the Deed Poll; or to effect the substitution of an Approved Successor as the debtor in respect of the Notes and the issuer of ordinary shares on Conversion, in accordance with Condition 10.4. | | |

2.9 COMPARISON OF WESTPAC SUBORDINATED NOTES II WITH CERTAIN OTHER WESTPAC CAPITAL SECURITIES

| Topic | Summary | Further information | Page(s) |
|--|---|---|---------------------------|
| 2.9.1 What are the differences between Westpac Subordinated Notes 2012, Westpac Capital Notes, Westpac SPS and the Notes? | <p>Westpac Subordinated Notes 2012, Westpac Capital Notes, Westpac SPS and the Notes do have similarities in that they are all securities that qualify or are treated as regulatory capital of Westpac under APRA's current capital adequacy standards.</p> <p>However, the securities differ considerably in several key respects. The table below provides a comparison of the key terms of the Notes, Westpac Subordinated Notes 2012, Westpac Capital Notes and Westpac SPS, but is not exhaustive.</p> | <p>Section 5.2.3</p> <p>Conditions of the Notes</p> | <p>74</p> <p>B.1-B.21</p> |

| | Westpac Subordinated Notes 2012 | Westpac Subordinated Notes II | Westpac Capital Notes | Westpac SPS |
|--|---|---|---|---|
| ASX code | WBCHA | WBCHB ¹ | WBCPD | WBCPA |
| Legal form | Note | Note | Note | Stapled security – one preference share and one note issued by Westpac |
| Interest/distributions | Non-discretionary floating rate interest (cumulative) – payable quarterly in arrear subject to a solvency condition | Non-discretionary floating rate Interest (cumulative) – payable quarterly in arrear subject to the Solvency Condition | Discretionary floating rate distributions (non-cumulative) – payable quarterly in arrear subject to the distribution payment conditions | Discretionary floating rate distributions (non-cumulative) – payable quarterly in arrear subject to a distribution payment test |
| Expected to be fully franked | No | No | Yes | Yes |
| Interest Rate/distribution rate | (margin + 90 day bank bill rate) | (Margin + 90 day Bank Bill Rate) | (margin + 90 day bank bill rate) × (1 – tax rate) | (margin + 90 day bank bill rate) × (1 – tax rate) |

1. Westpac has applied for the Notes to be quoted on ASX and they are expected to trade under this code.

| | Westpac Subordinated Notes 2012 | Westpac Subordinated Notes II | Westpac Capital Notes | Westpac SPS |
|---|---|--|--|--|
| Maturity Date | 23 August 2022 | 22 August 2023 | Perpetual | Perpetual |
| Margin | Margin of 2.75% per annum | Margin of 2.30% per annum | Margin of 3.20% per annum | Margin of 2.40% per annum |
| Issuer redemption rights (subject to APRA's prior written approval) | Yes, on 23 August 2017 and in certain limited circumstances | Yes, on 22 August 2018 and in certain limited circumstances | Yes, on 8 March 2019 and in certain limited circumstances | Yes, in certain limited circumstances |
| Potential Conversion into Ordinary Shares (other than on a Non-Viability Trigger Event or a capital trigger event) | No | No | Scheduled conversion on 8 March 2021 (subject to the satisfaction of the scheduled conversion conditions) or in other specified circumstances | Mandatory conversion on 26 September 2013 (subject to the satisfaction of the conversion conditions) or in other specified circumstances |
| Conversion into Ordinary Shares on a Non-Viability Trigger Event or a capital trigger event | No | Conversion upon the occurrence of a Non-Viability Trigger Event, with the number of Ordinary Shares limited to the Maximum Conversion Number If a Non-Viability Trigger Event occurs and Conversion of Notes is not possible, the Notes will be Written-off and all rights in relation to those Notes will be terminated | Conversion upon the occurrence of a capital trigger event or non-viability trigger event, and with the number of ordinary shares limited to the maximum conversion number If a capital trigger event or non-viability trigger event occurs and conversion of notes is not possible, all rights in relation to those notes will be terminated | No |

INFORMATION ABOUT WESTPAC SUBORDINATED NOTES II

| | Westpac Subordinated Notes 2012 | Westpac Subordinated Notes II | Westpac Capital Notes | Westpac SPS |
|--|--|---|---|---|
| Ranking in Winding-Up¹ | <p>Rank:</p> <ul style="list-style-type: none"> • ahead of Ordinary Shares and other junior ranking capital securities (such as the Westpac Capital Notes, Westpac SPS and the Notes) and Westpac Perpetual Capital Notes • equally amongst themselves and with other unsecured subordinated indebtedness of Westpac having a fixed maturity date (issued prior to 1 January 2013) • behind senior creditors (including depositors) | <p>If not Redeemed, or, following a Non-Viability Trigger Event, Converted or Written-off, the Notes rank:</p> <ul style="list-style-type: none"> • ahead of Ordinary Shares and other Junior Ranking Capital Instruments (such as Westpac Capital Notes and Westpac SPS) • equally amongst themselves and with other Equal Ranking Instruments (such as Westpac Perpetual Capital Notes) • behind Senior Creditors (including depositors) and Westpac Subordinated Notes 2012. <p>If Notes have been Converted into Ordinary Shares, holders of the Ordinary Shares will rank equally with other holders of Ordinary Shares</p> | <p>If not redeemed, or, following a non-viability trigger event or a capital trigger event, converted or written-off, Westpac Capital Notes rank:</p> <ul style="list-style-type: none"> • ahead of Ordinary Shares • equally amongst themselves and with other equal ranking capital securities (such as Westpac SPS) • behind senior creditors (including depositors). <p>If Westpac Capital Notes have been Converted into Ordinary Shares, holders will rank equally with other holders of Ordinary Shares</p> | <p>Rank:</p> <ul style="list-style-type: none"> • ahead of Ordinary Shares • equally amongst themselves and with other equal ranking capital securities (such as Westpac Capital Notes) • behind senior creditors (including depositors) and holders of Tier 2 Capital instruments |

1. See Section 1.2.8 for a general description of how the Notes will rank in a Winding-Up. In particular, see the table illustrating the ranking.

2.10 PAYMENT FOR WESTPAC SUBORDINATED NOTES II

| Topic | Summary | Further information | Page(s) |
|--|---|------------------------|--------------|
| 2.10.1 What will you be required to pay? | <p>The initial Face Value of each Note is \$100. The minimum number of Notes that you can apply for is 50 Notes (\$5,000). Applications for greater than the minimum Application amount must be in multiples of 10 Notes (\$1,000).</p> <p>These requirements do not necessarily apply to Eligible Westpac SPS Holders.</p> | Sections 3.8.2 and 4.2 | 58, 61-65 |
| 2.10.2 Is brokerage or stamp duty payable? | No brokerage or stamp duty is payable to Westpac on your Application. You may have to pay brokerage on any subsequent trading of your Notes on ASX after the Notes have been quoted on ASX. | Section 4.2.2 | 64 |
| 2.10.3 Will you be required to pay any ongoing fees or other costs? | No. You will generally not be required to pay any ongoing fees or other costs following the issue of the Notes. The costs of carrying out the Offer and maintaining an ASX listing for the Notes will be paid by Westpac. | Sections 8.4.2 and 9.4 | 110, 113-114 |

2.11 NO SET-OFF AGAINST OTHER AMOUNTS OWED

| Topic | Summary | Further information | Page(s) |
|--------------------------|---|---------------------|---------|
| 2.11.1 No set-off | Neither Westpac nor any Holder is entitled to set-off any amounts due in respect of the Notes against any amount of any nature owed by Westpac to the Holder or by the Holder to Westpac (as applicable). | Condition 2.5 | B.4 |

INFORMATION ABOUT WESTPAC SUBORDINATED NOTES II

2.12 EVENTS OF DEFAULT

| Topic | Summary | Further information | Page(s) |
|--|---|---------------------|---------------|
| 2.12.1 What Events of Default apply to the Notes? | <p>The Events of Default which apply in relation to a Note are limited.</p> <p>An Event of Default occurs if:</p> <ul style="list-style-type: none"> • Westpac fails to pay: <ul style="list-style-type: none"> – any amount of principal within seven Business Days of the Maturity Date; or – any amount of Interest within 14 Business Days of the due date for payment of that amount, unless, prior to the commencement of a Winding-Up, the non-payment is a result of the Solvency Condition not being met; or • a Winding-Up occurs. <p>In the case of an Event of Default which arises as a result of non-payment of principal or Interest, a Holder may bring proceedings:</p> <ul style="list-style-type: none"> • to recover any amount due and payable but unpaid (subject to the Solvency Condition); • to obtain an order for specific performance of any other obligation in respect of that Note; or • for a Winding-Up of Westpac. <p>In the case of an Event of Default which arises as a result of the occurrence of a Winding-Up, the 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> | Condition 7 | B.11- B.12 |

2.13 DEED POLL

| Topic | Summary | Further information | Page(s) |
|---|---|--|---------|
| 2.13.1 Has a trustee been appointed for the Notes? | <p>No, a trustee has not been appointed for the Notes. Instead, there is a Deed Poll made by Westpac in favour of each person who is from time to time a Holder.</p> <p>The Deed Poll contains:</p> <ul style="list-style-type: none">• Westpac's agreement to observe its obligations as set out in the Conditions;• an obligation to appoint the Registrar and procure the Registrar to establish and maintain a Register; and• provisions for meetings of Holders. <p> Holders will be bound by the terms of the Deed Poll, the Conditions and this Prospectus when Notes are Allotted or transferred to them.</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 of each other Holder.</p> <p>A copy of the Deed Poll can be obtained from Westpac's website at www.westpac.com.au/investorcentre and is incorporated by reference into this Prospectus.</p> | <p>See the Deed Poll, available at Westpac's website at www.westpac.com.au/investorcentre</p> | N/A |

2.14 ADDITIONAL INFORMATION

| Topic | Summary | Further information | Page(s) |
|--|---|---------------------|---------|
| 2.14.1 How can you find out more information about the Offer? | <p>A number of relevant documents are available free of charge from Westpac during the Offer Period. If, after reading this Prospectus, you have any questions, then you should contact your financial adviser, other professional adviser or call the Westpac Subordinated Notes II Information Line (Monday to Friday, 8.30am to 5.30pm, Sydney time) on 1300 551 756.</p> | Section 9.2.2 | 112 |

3

REINVESTMENT OFFER – FOR WESTPAC SPS HOLDERS

**This Section sets out information about
the Reinvestment Offer for Westpac
SPS holders.**

3.1 WHAT IS THE REINVESTMENT OFFER AND WHO IS ELIGIBLE TO PARTICIPATE?

The Reinvestment Offer is an opportunity for Eligible Westpac SPS Holders to apply to sell some or all of their Westpac SPS through the On-Market Buy-Back Facility for \$100 per Westpac SPS and to automatically reinvest the sale proceeds in Notes. Non-Participating Westpac SPS Holders should refer to Section 3.2, Options 4 and 5 under Section 3.3.1, and Section 3.3.2.

To be eligible to participate in the Reinvestment Offer, applicants must:

- be registered holders of Westpac SPS at 7.00pm (Sydney time) on 1 July 2013; and
- be shown on the Register as having an address in Australia.

Applicants will also need to satisfy the conditions outlined in the section entitled “Restrictions in foreign jurisdictions” on the inside front cover of this Prospectus.

All Eligible Westpac SPS Holders will be sent a copy of this Prospectus with a personalised Reinvestment Form by post shortly after the Offer opens.

3.2 WHAT ARE WESTPAC SPS? WHAT WILL HAPPEN TO NON-PARTICIPATING WESTPAC SPS?

Westpac SPS are stapled securities that consist of a perpetual, unsecured, non-cumulative subordinated note issued by Westpac’s New York branch, stapled to a preference share issued by Westpac. Westpac SPS were issued in July 2008. The notes and preference shares cannot be traded separately while they remain stapled. While notes and preference shares are stapled, distributions are payable in respect of the notes only. Westpac SPS trade on ASX under the code “WBCPA”.

The Westpac SPS are scheduled to convert into a variable number of Ordinary Shares on the Initial Mandatory Conversion Date (26 September 2013). Non-Participating Westpac SPS will so convert, subject to certain conditions set out in the terms of the Westpac SPS. For an explanation of who are Non-Participating Westpac SPS Holders, see Section 3.4.2 below. The number of Ordinary Shares issued upon conversion will generally depend on the average of the daily volume weighted average price of Ordinary Shares over the 20 Business Days on which trading in Ordinary Shares took place immediately prior to the Initial Mandatory Conversion Date.

The Westpac SPS terms also allow Westpac to elect to transfer Westpac SPS from holders to the Nominated Party on the Initial Mandatory Conversion Date, subject to certain conditions. Westpac intends that Non-Participating Westpac SPS will be so transferred from Non-Participating Westpac SPS Holders to the Nominated Party on the Initial Mandatory Conversion Date. On that date, Non-Participating Westpac SPS Holders will be paid \$100 per Non-Participating Westpac SPS, plus the Final Distribution (provided the distribution payment test in the Westpac SPS terms is satisfied). This payment will be made in the same way in which distributions on Westpac SPS have previously been paid. No brokerage will be payable by Non-Participating Westpac SPS Holders.

Westpac will notify holders of Westpac SPS through the ASX of its intention for Non-Participating Westpac SPS.

3.3 OPTIONS AVAILABLE TO HOLDERS OF WESTPAC SPS

3.3.1 Options available to Eligible Westpac SPS Holders

Eligible Westpac SPS Holders have five options to consider which are described in the table below.

REINVESTMENT OFFER

Options

Option 1 – Apply to reinvest all of your Westpac SPS under the Reinvestment Offer
(only available to Eligible Westpac SPS Holders)

- Eligible Westpac SPS Holders may apply to participate in the Reinvestment Offer in respect of all of the Westpac SPS held on the Reinvestment Offer Record Date.
- Apply by completing and returning the personalised Reinvestment Form accompanying the printed Prospectus by indicating “full reinvestment” on the personalised Reinvestment Form, or apply online at www.westpac.com.au/investorcentre by selecting the Reinvestment Offer option, and indicating “full reinvestment” (you will need your SRN or HIN, which is on your personalised Reinvestment Form).
- If, on the Closing Date for the Reinvestment Offer, a lesser number of Westpac SPS are held than shown on your personalised Reinvestment Form, and you select the full reinvestment option, you will be taken to have applied for reinvestment of the lower of the number of Westpac SPS you held on the Reinvestment Offer Record Date and the number of Westpac SPS registered in your name on the Closing Date for the Reinvestment Offer, expected to be 5.00pm (Sydney time) on 9 August 2013.
- Eligible Westpac SPS Holders who choose this option will receive a Pro-Rata Distribution of \$0.5293 per Reinvested Westpac SPS on 29 August 2013 provided the distribution payment test in the Westpac SPS terms is satisfied (see Section 3.4.1 for further details). You will not receive a Final Distribution.

Option 2 – Apply to reinvest some of your Westpac SPS under the Reinvestment Offer
(only available to Eligible Westpac SPS Holders)

- Eligible Westpac SPS Holders may apply to have only some of the Westpac SPS held on the Reinvestment Offer Record Date reinvested in Notes.
- Apply by completing and returning the personalised Reinvestment Form accompanying the printed Prospectus by indicating “partial reinvestment” and specifying the number of Westpac SPS to be reinvested in Notes on the personalised Reinvestment Form, or apply online at www.westpac.com.au/investorcentre by selecting the Reinvestment Offer option, and entering the number of Westpac SPS you wish to reinvest in Notes (you will need your SRN or HIN, which is on your personalised Reinvestment Form).
- If, on the Closing Date for the Reinvestment Offer, a lesser number of Westpac SPS are held than you elect to reinvest on your personalised Reinvestment Form, you will be taken to have applied for reinvestment of the lower of the number of Westpac SPS you elect to reinvest and the number of Westpac SPS registered in your name on the Closing Date for the Reinvestment Offer, expected to be 5.00pm (Sydney time) on 9 August 2013.
- Eligible Westpac SPS Holders who choose this option will receive a Pro-Rata Distribution of \$0.5293 per Reinvested Westpac SPS on 29 August 2013 provided the distribution payment test in the Westpac SPS terms is satisfied (see Section 3.4.1 for further details). You will not receive a Final Distribution in respect of any Reinvested Westpac SPS.
- Refer to Options 4 and 5 in respect of Westpac SPS not sold through the Reinvestment Offer.

Options

Option 3 – Apply to reinvest all of your Westpac SPS under the Reinvestment Offer and apply for additional Notes (only available to Eligible Westpac SPS Holders)

- Eligible Westpac SPS Holders that select the “full reinvestment” option, may also apply for more Notes than the number of Westpac SPS held on the Reinvestment Offer Record Date.
- Apply by completing and returning the personalised Reinvestment Form accompanying the printed Prospectus by indicating “full reinvestment” and specifying the number of additional Notes you wish to apply for in Section C of the personalised Reinvestment Form, or apply online at **www.westpac.com.au/investorcentre** by selecting the Reinvestment Offer option, indicating “full reinvestment”, specifying the number of additional Notes you wish to apply for, and entering the number of additional Notes being applied for (you will need your SRN or HIN, which is on your personalised Reinvestment Form).
- If, on the Closing Date for the Reinvestment Offer, a lesser number of Westpac SPS are held than shown on your personalised Reinvestment Form, and you select the full reinvestment and additional Notes options, you will be taken to have applied for the reinvestment of the lower of the number of Westpac SPS you held on the Reinvestment Offer Record Date and the number of Westpac SPS registered in your name on the Closing Date for the Reinvestment Offer, expected to be 5.00pm (Sydney time) on 9 August 2013, plus the additional Notes.
- Applications for additional Notes must be for a minimum of 50 Notes (\$5,000), and thereafter in multiples of 10 Notes (\$1,000).
- Enclose an Application Payment for any additional Notes applied for. Application Payments must be made by cheque if applying using the personalised Reinvestment Form or by BPAY® if applying online – see Section 4 for further details.

REINVESTMENT OFFER

Eligible Westpac SPS Holders are not obliged to participate in the Reinvestment Offer and may wish to consider other options which best meet their needs or investment objectives. These other options, which are also available to holders of Westpac SPS who are not eligible to participate, include:

Options

Option 4 – Sell your Westpac SPS on market and do not participate in the Reinvestment Offer
(available to all holders of Westpac SPS)

- Sell or dispose of your Westpac SPS on ASX at the prevailing market price, which may be higher or lower than the price you will receive if you reinvest your Westpac SPS in Notes through the Reinvestment Offer (which is expected to be \$100 per Westpac SPS).
- The market price of Westpac SPS is subject to change from time to time. Up to date information about the market price of Westpac SPS can be obtained from www.asx.com.au (ASX code: WBCPA).
- To choose this option, you should contact your broker and sell your Westpac SPS on or before the last day of trading for Westpac SPS, which is expected to be 11 September 2013, after which trading in Westpac SPS will be suspended.
- Under this option, you may have to pay brokerage and may receive a price greater or less than the Face Value of \$100 per Westpac SPS.
- If you choose this option, you will not be entitled to receive the Pro-Rata Distribution on any Westpac SPS sold before the ex-date for the Pro-Rata Distribution of 15 August 2013 or the Final Distribution on any Westpac SPS sold before the ex-date for the Final Distribution of 12 September 2013.

Option 5 – Do nothing

- Holders of Westpac SPS are not required to participate in the Reinvestment Offer and therefore can choose to do nothing.
- Westpac intends that Non-Participating Westpac SPS will be transferred from you to the Nominated Party on 26 September 2013. On that date, you will receive \$100 per Non-Participating Westpac SPS, plus the Final Distribution of \$0.3495 per Westpac SPS (provided the distribution payment test in the Westpac SPS terms is satisfied). You will also receive a Pro-Rata Distribution of \$0.5293 per Westpac SPS on 29 August 2013, provided the distribution payment test in the Westpac SPS terms is satisfied (see Section 3.4.2 for further details). These payments will be made in the same way in which distributions on Westpac SPS have previously been paid. No brokerage will be payable.

3.3.2 Options available for holders of Westpac SPS who are not eligible or do not wish to participate

If you are a holder of Westpac SPS on the Reinvestment Offer Record Date but do not meet the eligibility criteria to qualify as an Eligible Westpac SPS Holder to participate in the Reinvestment Offer, or you do not wish to participate in the Reinvestment Offer, you are limited to options 4 and 5 in the table above in Section 3.3.1.

Please note that if you are an Eligible Securityholder, you may apply for Notes under the Securityholder Offer, provided the other eligibility criteria under the Securityholder Offer are met. Please refer to Section 4.2 for further information.

3.4 DISTRIBUTIONS PAYABLE ON WESTPAC SPS

3.4.1 Eligible Westpac SPS Holders who elect to participate in the Reinvestment Offer

If you are an Eligible Westpac SPS Holder and you elect to participate in the Reinvestment Offer, you will, provided the distribution payment test in the Westpac SPS terms is satisfied, receive a Pro-Rata Distribution of \$0.5293 per Reinvested Westpac SPS on 29 August 2013. The Pro-Rata Distribution will be in respect of the period from (but excluding) 30 June 2013 to (and including) 22 August 2013 and will be the final distribution you will receive on Reinvested Westpac SPS. Westpac has amended the terms of Westpac SPS to enable the Pro-Rata Distribution to be made. The amended Westpac SPS terms were lodged by Westpac with the ASX on 10 July 2013.

The Pro-Rata Distribution will be paid to you in the same way in which distributions on your Westpac SPS have previously been paid to you.

3.4.2 Non-Participating Westpac SPS Holders

If you are:

- an Eligible Westpac SPS Holder and you have chosen not to participate in the Reinvestment Offer; or
- an Eligible Westpac SPS Holder and you have elected to participate in the Reinvestment Offer but in respect of only some of your Westpac SPS; or
- a holder of Westpac SPS on the Reinvestment Offer Record Date but do not meet the eligibility criteria to qualify as an Eligible Westpac SPS Holder and therefore cannot choose to participate in the Reinvestment Offer; or
- an Eligible Westpac SPS Holder who has elected to participate in the Reinvestment Offer but either (a) did not receive an Allocation or (b) had your Allocation scaled back,

you are considered a “Non-Participating Westpac SPS Holder” in relation to any Westpac SPS you continue to hold.

If you continue to hold your Westpac SPS on 15 August 2013, you will, provided the distribution payment test in the Westpac SPS terms is satisfied,

receive a Pro-Rata Distribution on 29 August 2013 as detailed in Section 3.4.1. If you continue to hold your Westpac SPS until the last day of trading in Westpac SPS on 11 September 2013, you will, provided the distribution payment test in the Westpac SPS terms is satisfied, receive a Final Distribution of \$0.3495 per Westpac SPS on 26 September 2013, which will be in respect of the period from (but excluding) 22 August 2013 to (and including) 26 September 2013. This will be the final distribution paid on Westpac SPS.

These distributions will be paid to you in the same way in which distributions on your Westpac SPS have previously been paid to you.

See Sections 3.2 and 3.8.4 for further information in relation to the expected transfer of Westpac SPS held by Non-Participating Westpac SPS Holders on the Initial Mandatory Conversion Date.

3.4.3 Can I elect to reinvest my Pro-Rata Distribution and/or Final Distribution in Notes?

No. The Pro-Rata Distribution and the Final Distribution will be paid to relevant holders of Westpac SPS in the same way in which distributions on Westpac SPS have previously been paid. They may not be reinvested in Notes through the Reinvestment Offer, because the Offer will have closed.

3.5 THE KEY DIFFERENCES BETWEEN WESTPAC SPS AND WESTPAC SUBORDINATED NOTES II

There are a number of differences between Westpac SPS and the Notes which you should be aware of before deciding to reinvest your Westpac SPS under the Reinvestment Offer or apply for additional Notes. The following table describes the key features of the Westpac SPS and the Notes and highlights the main differences between them. This table is not an exhaustive description of the differences between Westpac SPS and Notes. If you have any questions about the differences between Westpac SPS and Notes, you should seek advice from your financial or other professional adviser before deciding to invest in the Notes.

REINVESTMENT OFFER

| | Westpac Subordinated Notes II | Westpac SPS |
|--|---|--|
| ASX code | WBCHB ¹ | WBCPA |
| Legal form | Note | Stapled security – one preference share and one note issued by Westpac |
| Interest/distributions | Non-discretionary floating rate Interest (cumulative) – payable quarterly in arrear subject to the Solvency Condition | Discretionary floating rate distributions (non-cumulative) – payable quarterly in arrear subject to a distribution payment test |
| Expected to be fully franked | No | Yes |
| Interest Rate/distribution rate | (Margin + 90 day Bank Bill Rate) | (margin + 90 day bank bill rate) × (1 – tax rate) |
| Maturity Date | 22 August 2023 | Perpetual |
| Margin | Margin of 2.30% per annum | Margin of 2.40% per annum |
| Issuer redemption rights (subject to APRA's prior written approval) | Yes, on 22 August 2018 and in certain other limited circumstances | Yes, in certain limited circumstances |
| Potential Conversion to Ordinary Shares (other than on a Non-Viability Trigger Event) | No | Mandatory conversion on 26 September 2013 (subject to the satisfaction of the conversion conditions) or in other specified circumstances |
| Conversion to Ordinary Shares on a Non-Viability Trigger Event | <p>Conversion upon the occurrence of a Non-Viability Trigger Event, with the number of Ordinary Shares limited to the Maximum Conversion Number</p> <p>If a Non-Viability Trigger Event occurs and Conversion of Notes is not possible, all rights in relation to those Notes will be terminated</p> | No |

1. Westpac has applied for the Notes to be quoted on ASX and they are expected to trade under this code.

| | Westpac Subordinated Notes II | Westpac SPS |
|--|--|---|
| Ranking in Winding-Up¹ | <p>If not Redeemed, or, following a Non-Viability Trigger Event, Converted or Written-off, rank:</p> <ul style="list-style-type: none"> • ahead of Ordinary Shares and other Junior Ranking Capital Instruments (such as Westpac Capital Notes and Westpac SPS) • equally amongst themselves and with other Equal Ranking Instruments (such as Westpac Perpetual Capital Notes) • behind Senior Creditors (including depositors and all holders of Westpac's senior or less subordinated debt). <p>If Notes have been Converted into Ordinary Shares, Holders will rank equally with other holders of Ordinary Shares</p> | <p>Rank:</p> <ul style="list-style-type: none"> • ahead of Ordinary Shares • equally amongst themselves and with other equal ranking capital securities (such as Westpac Capital Notes) • behind senior creditors (including depositors) and holders of Tier 2 Capital instruments |

3.6 WHAT ARE THE RISKS ASSOCIATED WITH PARTICIPATING IN THE REINVESTMENT OFFER?

The main risks of participating in the Reinvestment Offer are the same risks relating to an investment in Notes and in Westpac. For further information about these risks, see Section 6. These risks should be considered carefully before you apply to reinvest in Notes under the Reinvestment Offer.

There is a risk that you may not receive the full allocation of Notes that you apply for, in which case Westpac intends that your Non-Participating Westpac SPS will be transferred from you to the Nominated Party on 26 September 2013. In those circumstances you will be paid \$100 per Non-Participating Westpac SPS, plus the Final Distribution (provided the distribution payment test in the Westpac SPS terms is satisfied). The risks associated with such a holding until transfer to the Nominated Party are as follows:

- after the completion of the Reinvestment Offer, it is anticipated that the number of Westpac SPS available to trade on the ASX will decline

as a result of the buy-back and cancellation of Westpac SPS under the Reinvestment Offer. This may lead to a less liquid market for Westpac SPS that remain outstanding, which could negatively impact the ability of remaining Westpac SPS holders to sell their Westpac SPS on-market at an acceptable price, or at all, prior to the transfer of the Westpac SPS to the Nominated Party; and

- if you hold both Westpac SPS and Notes, you will hold two securities with different terms and conditions and different risk profiles until your Westpac SPS are transferred to the Nominated Party.

3.7 THE ON-MARKET SALE AGENT AND THE ON-MARKET BUY-BACK DATE

The On-Market Sale Agent is Pacific Custodians Pty Limited. The On-Market Sale Agent will act on behalf of Eligible Westpac SPS Holders who elect to participate in the Reinvestment Offer and will act as legal custodian in respect of their Westpac SPS as a preparatory step to facilitate the sale of their Westpac SPS through the On-Market Buy-Back Facility.

1. See Section 1.2.8 for a general description of how the Notes will rank in a Winding-Up. In particular, see the table illustrating the ranking.

REINVESTMENT OFFER

Eligible Westpac SPS Holders who elect to participate in the Reinvestment Offer will retain beneficial ownership of their Westpac SPS prior to the sale of those Westpac SPS through the On-Market Buy-Back Facility, as described below.

On the On-Market Buy-Back Date (expected to be 19 August 2013), the On-Market Sale Agent will instruct Deutsche Securities Australia Limited (an ASX market participant) to offer for sale on ASX all Westpac SPS participating in the Reinvestment Offer for \$100 per Westpac SPS or, in the unlikely event that there is a higher market price available on that day, that higher market price¹. On that day, the On-Market Buying Broker (who is acting on behalf of Westpac) will make offers on ASX to purchase Westpac SPS offered for sale at \$100 per Westpac SPS. The On-Market Buying Broker is UBS.

Following settlement of these trades on 22 August 2013, the On-Market Sale Agent will then reinvest the sale proceeds on your behalf in Notes. For every Reinvested Westpac SPS you sell, you will receive one Note. Refer to Section 4 for information in relation to scaleback. The Westpac SPS that are bought back under the above process will be cancelled on the On-Market Buy-Back Date.

3.8 FURTHER INFORMATION ABOUT WESTPAC SPS AND PARTICIPATING IN THE REINVESTMENT OFFER

3.8.1 Taxation consequences of the Reinvestment Offer

Section 7 provides information about the general taxation consequences of participating in the Reinvestment Offer.

The taxation consequences of selling some or all of your Westpac SPS and reinvesting the proceeds in the Notes will depend on your individual circumstances. You should obtain your own taxation advice before you invest in, hold, or dispose of Westpac SPS and/or Notes.

3.8.2 Is there a minimum number of Westpac SPS required to be held in order to participate in the Reinvestment Offer?

There is no minimum number of Westpac SPS that you must hold to be able to participate in the Reinvestment Offer. If you are an Eligible Westpac SPS Holder and wish to participate in the Reinvestment Offer, you may apply in respect of some or all of your Westpac SPS, except that, if you wish to participate in the Reinvestment Offer and:

- you own 50 Westpac SPS or fewer, you must apply to reinvest all your Westpac SPS; or
- you own more than 50 Westpac SPS, you must reinvest a minimum of 50 Westpac SPS (\$5,000).

If you apply to reinvest all of your Westpac SPS and wish to apply for additional Notes, you must apply for a minimum of 50 additional Notes (\$5,000), and thereafter in multiples of 10 Notes (\$1,000).

3.8.3 Will I receive a priority allocation on my Reinvested Westpac SPS and what is the scaleback policy?

Westpac will give priority to Applications received under the Reinvestment Offer in respect of Reinvested Westpac SPS (including Applications to reinvest Westpac SPS made through Syndicate Brokers) when allocating the Notes.

For a summary of the scaleback policy for Applications received under the Reinvestment Offer, see Section 4.3.

If you elect to participate in the Reinvestment Offer and do not submit your application via your Syndicate Broker, the On-Market Sale Agent or its agent will need to verify certain information requested in your Reinvestment Form in order to comply with its anti-money laundering and counter-terrorism financing obligations. If your Reinvestment Form is incomplete or the On-Market Sale Agent or its agent is unable to verify the required information by the Closing Date for the Reinvestment Offer, expected to be 9 August 2013, your Application may not be processed and you will be treated as though you did nothing with respect to your Westpac SPS.

1. Westpac believes that it is unlikely that there will be a market price higher than \$100 available on that day as it is intended that all Non-Participating Westpac SPS will be transferred to the Nominated Party on 26 September 2013 for \$100 per Westpac SPS pursuant to the terms of Westpac SPS. However, if any Westpac SPS are sold for more than \$100, any amount in excess of \$100 will be allocated to participating Eligible Westpac SPS Holders in proportion to the number of Westpac SPS sold on their behalf. This excess (if any) will be paid to you in the same way in which distributions on your Westpac SPS have previously been paid to you. Therefore the amount that you receive from the sale of your Westpac SPS through the On-Market Buy-Back Facility (in the form of Notes and possibly cash) may be more or less than the actual price received by the On-Market Sale Agent for those Westpac SPS.

3.8.4 If I choose not to participate in the Reinvestment Offer for some or all of my Westpac SPS, what happens to my remaining Westpac SPS?

If you choose not to participate in the Reinvestment Offer, Westpac intends that Non-Participating Westpac SPS will be transferred from you to the Nominated Party on 26 September 2013. Non-Participating Westpac SPS Holders will be paid \$100 per Non-Participating Westpac SPS, plus the Pro-Rata Distribution and the Final Distribution (provided the distribution payment test in the Westpac SPS terms is satisfied in each case). This payment will be made in the same way in which distributions on Westpac SPS have previously been paid. No brokerage will be payable by Non-Participating Westpac SPS Holders. Westpac will notify holders of Westpac SPS through ASX of its intention for Non-Participating Westpac SPS.

3.8.5 Can I sell my Westpac SPS after I have submitted my Reinvestment Form or applied online to participate in the Reinvestment Offer? Will a holding lock be applied?

If you choose to participate in the Reinvestment Offer, once you have submitted a Reinvestment Form, it is your responsibility to ensure that you do not dispose of the relevant Westpac SPS. If you dispose of your Westpac SPS that are intended to be sold under the Reinvestment Offer prior to the Closing Date for the Reinvestment Offer, the number of Notes that may be Allocated to you will be reduced to the extent that the required number of Westpac SPS are not available on the Closing Date for the Reinvestment Offer, expected to be 9 August 2013.

Eligible Westpac SPS Holders who apply to participate in the Reinvestment Offer are taken to agree to a holding lock being placed on those Westpac SPS, pending completion of the Reinvestment Offer.

Once the holding lock has been applied, you will not be able to trade Westpac SPS on-market. The holding lock will be released from those Westpac SPS not successfully sold through the On-Market Buy-Back Facility as soon as practicable after the Issue Date. If your election to reinvest your Westpac SPS is unsuccessful, you will continue to hold Westpac SPS until 26 September 2013 (unless you sell them on the ASX before the last trading day for Westpac SPS, expected to be 11 September 2013), when Westpac intends that they will be transferred to the Nominated Party.

3.8.6 Is there any brokerage or stamp duty payable?

No brokerage or stamp duty is payable on the sale of your Westpac SPS under the Reinvestment Offer, the transfer of your Westpac SPS to the Nominated Party (to the extent you do not participate in the Reinvestment Offer) or your Application for Notes.

Holders of Westpac SPS who choose to sell their Westpac SPS on ASX through their broker may be required to pay applicable brokerage.

3.8.7 What happens if the Offer does not proceed?

If you have elected to apply to reinvest some or all of your Westpac SPS under the Reinvestment Offer and the Offer does not proceed, your Westpac SPS will not be sold under the Reinvestment Offer, and you will continue to hold Westpac SPS. If your Westpac SPS have already been sold through the On-Market Buy-Back Facility, the proceeds will be refunded to you (without interest). Any Application Payment in respect of additional Notes will be refunded to you. No interest will be payable on any Application Payment in respect of additional Notes received from Eligible Westpac SPS Holders.

If the Offer does not proceed, Westpac will directly notify holders of Westpac SPS through ASX of its intention in relation to Westpac SPS prior to the Initial Mandatory Conversion Date on 26 September 2013.

4

APPLICATION INFORMATION

This Section sets out information on what you must do if you wish to apply for Westpac Subordinated Notes II.

4.1 THE OFFER

The Offer is for the issue of Notes at a Face Value of \$100 each to raise approximately \$850 million, with the ability to raise more or less.

The Offer consists of:

- a Reinvestment Offer – a priority offer to Eligible Westpac SPS Holders;
- a Securityholder Offer – to Eligible Securityholders;
- a Broker Firm Offer – to clients of the Syndicate Brokers; and
- an Institutional Offer – to certain Institutional Investors invited by Westpac Institutional Bank to bid for Notes under the Bookbuild.

There is no general public offer of the Notes. However, Westpac reserves the right to accept Applications from anyone at its discretion.

Westpac and the Joint Lead Managers may, in their absolute discretion, close the Offer early or extend the Offer Period without notice. Westpac may also withdraw the Offer at any time before Notes are issued. Accordingly, if you wish to apply for Notes you are encouraged to do so as soon as possible after the Opening Date.

No action has been taken to register or qualify the Notes or otherwise permit a public offer of the Notes in any jurisdiction outside Australia. See Section 9.9 which details foreign selling restrictions applicable to the Offer.

Applications must be for a minimum of 50 Notes (\$5,000) and thereafter in multiples of 10 Notes (\$1,000). For further details about how this applies to the Reinvestment Offer, please see Section 4.2 under “Reinvestment Offer”.

4.2 APPLYING FOR WESTPAC SUBORDINATED NOTES II

Reinvestment Offer

| | |
|----------------------------|---|
| Who may apply | <ul style="list-style-type: none">• Eligible Westpac SPS Holders. |
| When to apply | <ul style="list-style-type: none">• Completed Reinvestment Forms and, if you are applying for more Notes than the number of Westpac SPS you hold, Application Payments must be received by the Registrar by the Closing Date for the Reinvestment Offer, expected to be 5.00pm (Sydney time) on 9 August 2013.• If you are a client of a Syndicate Broker, you should contact your Syndicate Broker for information about participating in the Reinvestment Offer. |
| How to apply online | <ul style="list-style-type: none">• Complete the Reinvestment Form online by visiting the Westpac website at www.westpac.com.au/investorcentre and following the instructions. You will need your SRN or HIN which you will find on the personalised Reinvestment Form which will be mailed to you shortly after the Offer opens.• If you are applying for additional Notes, you must make your Application Payment using BPAY®¹. Otherwise, no Application Payment is necessary as the sale proceeds from your Westpac SPS will be reinvested directly in Notes.• Eligible Westpac SPS Holders who are clients of a Syndicate Broker should seek instructions from their Syndicate Broker or controlling participant as to how to apply. |

1. Registered to BPAY Pty Limited (ABN 69 079 137 518). See also “How to apply online” under “Securityholder Offer” below.

APPLICATION INFORMATION

Reinvestment Offer (continued)

How to apply using a personalised Reinvestment Form

- A paper copy of this Prospectus and a personalised Reinvestment Form will be sent to you shortly after the Opening Date. Instructions on how to complete a paper Reinvestment Form are set out on the paper Reinvestment Form.
- Complete and return the paper Reinvestment Form and your Application Payment for any additional Notes to the Registrar by the Closing Date for the Reinvestment Offer.
- If you are applying for additional Notes, you must make your Application Payment by cheque. You should ensure that you post both the Reinvestment Form and Application Payment in sufficient time so that they are received by the Registrar by the Closing Date for the Reinvestment Offer (see Section 4.2.1 for further details). If your Reinvestment Form is not accompanied by an Application Payment for the additional Notes, you will be taken to have applied for reinvestment of the lower of the number of Westpac SPS you held on the Reinvestment Offer Record Date and the number of Westpac SPS registered in your name on the Closing Date for the Reinvestment Offer.
- 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 II Offer'. Cheque(s) should be crossed 'not negotiable'. Cash payments and bank cheques will not be accepted.
- If you wish to make your Application Payment by BPAY® you need to apply online.

Minimum Application amount

- There is no minimum number of Westpac SPS that you must hold to be able to participate in the Reinvestment Offer.
- You may apply in respect of some or all of your Westpac SPS, except that, if you wish to participate in the Reinvestment Offer and:
 - you own 50 Westpac SPS or fewer, you must apply to reinvest all your Westpac SPS; or
 - you own more than 50 Westpac SPS, you must apply to reinvest a minimum of 50 Westpac SPS (\$5,000).
- If you apply to reinvest all of your Westpac SPS and wish to apply for additional Notes, you must apply for a minimum of 50 additional Notes (\$5,000), and thereafter in multiples of 10 Notes (\$1,000).

Securityholder Offer

| | |
|--|---|
| Who may apply | <ul style="list-style-type: none">• Eligible Securityholders. |
| When to apply | <ul style="list-style-type: none">• Completed Securityholder Application Forms or online Applications and Application Payments must be received by the Registrar before the Closing Date for the Securityholder Offer, expected to be 5.00pm (Sydney time) on 13 August 2013. |
| How to apply online | <ul style="list-style-type: none">• Complete the Securityholder Application Form online by visiting the Westpac website at www.westpac.com.au/investorcentre and following the instructions. You will need your SRN or HIN.• You must make your Application Payment by BPAY®. You should check your daily transaction limit with your bank, credit union or building society to ensure your Application Payment can be made using BPAY®. |
| How to apply using a personalised Securityholder Application Form | <ul style="list-style-type: none">• Eligible Securityholders may apply using the personalised Securityholder Application Form included with the paper copy of this Prospectus.• You may request a paper copy of the Prospectus and a personalised Securityholder Application Form by either calling the Westpac Subordinated Notes II Information Line (Monday to Friday, 8.30am to 5.30pm, Sydney time) on 1300 551 756 or registering online at www.westpac.com.au/investorcentre.• Instructions on how to complete a paper Securityholder Application Form are set out on the paper Securityholder Application Form.• Complete and return the paper Securityholder Application Form and Application Payment to the Registrar by the Closing Date for the Securityholder Offer (see Section 4.2.1 for further details).• You should ensure that you post both the Securityholder Application Form and Application Payment in sufficient time so that they are received by the Registrar by the Closing Date for the Securityholder Offer.• 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 II Offer'. Cheque(s) should be crossed 'not negotiable'. Cash payments and bank cheques will not be accepted.• If you wish to make your Application Payment by BPAY®, you need to apply online. |
| Minimum Application amount | <ul style="list-style-type: none">• Your Application must be for a minimum of 50 Notes (\$5,000).• If your Application is for more than 50 Notes, you must apply in multiples of 10 Notes (\$1,000) thereafter. |

APPLICATION INFORMATION

Broker Firm Offer

| | |
|-----------------------------------|--|
| Who may apply | <ul style="list-style-type: none">• Clients of the Syndicate Brokers, including clients who are also Eligible Westpac SPS Holders and applying under the Reinvestment Offer. |
| When to apply | <ul style="list-style-type: none">• Completed Broker Firm Application Forms and, where applicable, Application Payments 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, expected to be 5.00pm (Sydney time) on 13 August 2013.• You must contact your Syndicate Broker directly for instructions on how to participate in the Broker Firm Offer. |
| How to apply | <ul style="list-style-type: none">• Contact your Syndicate Broker for instructions on how to apply generally. |
| Minimum Application amount | <ul style="list-style-type: none">• Applications must be for a minimum of 50 Notes (\$5,000).• If your Application is for more than 50 Notes, you must apply in multiples of 10 Notes (\$1,000) thereafter.• If you are an Eligible Westpac SPS Holder who is also a client of a Syndicate Broker, the minimum Application amount requirements applicable to the Reinvestment Offer apply (see above). |

4.2.1 Where to send your completed Application Form and Application Payment (if you don't apply online or through your Syndicate Broker)

Unless you are a Broker Firm Applicant or you are applying online, your completed paper Reinvestment Form or Securityholder Application Form together with your Application Payment (if any) should be returned to either of the addresses below so that they are received by the Registrar before the Closing Date for the Securityholder Offer and the Broker Firm Offer, which is expected to be 5.00pm (Sydney time) on 13 August 2013:

Mail

Westpac Subordinated Notes II Offer
Link Market Services Limited
Reply Paid 3560
Sydney NSW 2001

OR

Hand delivery

Westpac Subordinated Notes II Offer
Link Market Services Limited
1A Homebush Bay Drive
Rhodes NSW 2138

Reinvestment Forms or Securityholder Application Forms and Application Payments (if any) will not be accepted at any other address (including Westpac's registered office or any other Westpac office or branch).

4.2.2 Brokerage and stamp duty

No brokerage or stamp duty is payable to Westpac on your Application. You may have to pay brokerage on any later sale of your Notes on ASX after Notes have been quoted on ASX.

4.2.3 Refunds and interest

All Application Payments received by the Registrar or by BPAY® before the Notes are issued will be held by Westpac in a non-interest bearing bank account established solely for the purpose of depositing Application Payments received. No interest is paid on refunded Application Payments.

If you are not Allocated any Notes or you are Allocated fewer Notes than the number that you applied for as a result of a scaleback, all or some of your Application Payment (as applicable) will be returned to you (without interest) as soon as possible after the Issue Date.

In addition, if the Offer does not proceed for any reason, Applicants will have their Application Payments refunded to them (without interest) as soon as possible.

If you are an Eligible Westpac SPS Holder and the Offer does not proceed, you will continue to hold all or some of your Westpac SPS (unless they have already been sold under the On-Market Buy-Back Facility in which case you will receive the proceeds of the sale of your Westpac SPS).

If you are an Eligible Westpac SPS Holder and your Application to reinvest Westpac SPS in Notes is scaled back, Westpac intends that your Non-Participating Westpac SPS will be transferred to the Nominated Party on 26 September 2013. On that date, Non-Participating Westpac SPS Holders will be paid \$100 per Non-Participating Westpac SPS, plus the Final Distribution of \$0.3495 per Westpac SPS (provided the distribution payment test in the Westpac SPS terms is satisfied). See Section 3.2 for further information about Non-Participating Westpac SPS.

If you are an Eligible Westpac SPS Holder and you have applied for additional Notes under the Reinvestment Offer and your Application is scaled back, you will have the applicable part of your Application Payment refunded to you (without interest) as soon as possible.

4.3 ALLOCATION AND ALLOTMENT

4.3.1 Allocation, scaleback and priority

The Allocation policy for any Notes applied for under the Reinvestment Offer, including any additional Notes, and any Application under the Securityholder Offer will be determined by Westpac in consultation with the Joint Lead Managers at the close of the Offer. This Allocation policy and any scaleback will be announced on ASX on the day the Notes commence trading on a deferred settlement basis, which is expected to be 23 August 2013.

There is no guaranteed Allocation under the Offer, but Westpac will give priority to Applications received under the Reinvestment Offer, including applications from Eligible Westpac SPS Holders received through Syndicate Brokers under the Broker Firm Offer.

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 Westpac SPS Holder or Eligible Securityholder a lesser number of Notes than applied for, including less than the minimum Application of 50 Notes (\$5,000). Westpac and the Joint Lead Managers also reserve the right to scaleback Applications and to treat Applications in excess of \$250,000 as part of the Institutional Offer.

If you are an Eligible Westpac SPS Holder and you apply for more Notes than the number of Westpac SPS shown on your personalised Reinvestment Form, you will be considered to have applied for additional Notes, and your Application for additional Notes may be scaled back if there is excess demand for the Offer.

The Allocation policy for Joint Lead Managers and Institutional Investors was determined under the Bookbuild – see Section 8.4. Westpac and the Joint Lead Managers have the right to nominate the persons to whom Notes were or will be Allocated, including in respect of firm Allocations to Syndicate Brokers and Institutional Investors under the Bookbuild.

Allocations to Broker Firm Applicants by a Syndicate Broker are at the discretion of that Syndicate Broker.

Westpac also reserves the right not to issue any Notes. In this instance no Applicants will receive an Allocation.

4.3.2 Allotment

Westpac intends to issue and Allot approximately 8.5 million Notes at a Face Value of \$100 each, to raise approximately \$850 million with the ability to raise more or less.

Westpac will not Allot any Notes until it has been granted approval for the Notes to be quoted on ASX and all proceeds from accepted Applications have been received by Westpac. Subject to approval for quotation being granted, Westpac intends to Allot the Notes on 22 August 2013. Westpac and the Joint Lead Managers may, in their absolute discretion, close the Offer early or extend the Offer Period without notice. Westpac may also withdraw the Offer at any time before Notes are issued.

APPLICATION INFORMATION

4.4 ASX QUOTATION, TRADING AND HOLDING STATEMENTS

4.4.1 ASX quotation

Westpac has applied for the Notes to be quoted on ASX. Quotation is not guaranteed. If ASX does not grant permission for the Notes to be quoted, then the Notes will not be issued, Application Payments will be refunded (without interest) to Applicants as soon as possible and Eligible Westpac SPS Holders will continue to hold their Westpac SPS (unless they have already been sold via the On-Market Buy-Back Facility, in which case they will receive the proceeds of the sale of their Westpac SPS). No interest will be payable on Application Payments.

It is expected that the Notes will be quoted under ASX code WBCHB.

4.4.2 Trading

It is expected that the Notes will begin trading on ASX on a deferred settlement basis on 23 August 2013. Trading of the Notes on a deferred settlement basis is expected to continue until the dispatch of Holding Statements is completed, which is expected to occur on or by 28 August 2013. It is expected that trading of the Notes will begin on a normal settlement basis on 29 August 2013.

You are responsible for confirming your Allocation before trading Notes to avoid the risk of selling Notes you do not own. If you sell your Notes before you receive confirmation of your Allocation, you do so at your own risk. To assist you in determining your Allocation prior to receipt of your Holding Statement, Westpac will announce the basis of Allocation by placing advertisements in major national and metropolitan newspapers in Australia on or before 23 August 2013.

If you are a Broker Firm Applicant (including an Eligible Westpac SPS Holder reinvesting in Notes through a Syndicate Broker) you should contact your Syndicate Broker to find out your Allocation prior to receiving your Holding Statement. If you have applied under the Reinvestment Offer or the Securityholder Offer, you should call the **Westpac Subordinated Notes II Information Line (Monday to Friday, 8.30am to 5.30pm, Sydney time) on 1300 551 756.**

4.4.3 Holding Statements

Westpac expects Holding Statements will be dispatched to successful Applicants on or by 28 August 2013. Westpac will apply for the Notes to participate in CHESS. Westpac does not intend to quote the Notes on any securities exchange apart from ASX. No certificates will be issued for the Notes.

4.5 NEW HOLDER INFORMATION

Applicants issued with 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 the Notes.

4.5.1 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 at any time before close of business on the Record Date in respect of that payment. Westpac will not pay Interest on the Notes by cheque.

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 Face Value 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:

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

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

4.5.2 Provision of Tax File Number or Australian Business Number

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 payable on Notes and remit the amount withheld to the ATO. You should also read the Taxation Letter in Section 7.

4.6 ENQUIRIES

If you have any questions on how to apply for Notes, you should contact the **Westpac Subordinated Notes II Information Line (Monday to Friday, 8.30am to 5.30pm, Sydney time) on 1300 551 756.**

If you are unclear in relation to any matter or are uncertain if the Notes are a suitable investment for you, you should consult your financial adviser or other professional adviser.

If you are a Broker Firm Applicant and you are in any doubt about what action you should take, you should contact your Syndicate Broker.

5

ABOUT WESTPAC

**This Section sets out information about
Westpac and the Westpac Group.**

5.1 OVERVIEW OF WESTPAC'S BUSINESS INCLUDING SUMMARY FINANCIAL INFORMATION

5.1.1 Overview of Westpac's business

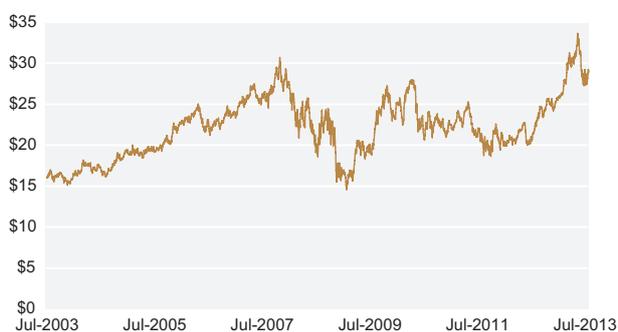
Westpac is one of the four major banking organisations in Australia and one of the largest banking organisations in New Zealand. The Westpac Group provides a broad range of banking and financial services in these markets, including retail, business and institutional banking and wealth management services.

Westpac has branches, affiliates and controlled entities throughout Australia, New Zealand and the Pacific region and maintains branches and offices in some of the key financial centres around the world.

As at 31 March 2013, Westpac had total assets of \$677.5 billion. Westpac's Ordinary Shares and certain other securities are quoted on ASX and, as at 15 July 2013, Westpac's market capitalisation was approximately \$91.1 billion.

The performance of Ordinary Shares during the period from July 2003 to July 2013 is set out in the graph below.

Westpac Ordinary Shares daily closing price¹



¹ Past performance is not necessarily an indicator of future performance.

Source: IRESS

5.1.2 Organisational structure

The Westpac Group's operations comprise the following key customer-facing business divisions operating under multiple brands, serving around 12 million customers.

Australian Financial Services ("**AFS**") is responsible for the Westpac Group's Australian retail banking, business banking and wealth operations. AFS also includes the product and risk responsibilities for Australian Banking. It incorporates the operations of Westpac Retail & Business Banking, St. George Banking Group and BT Financial Group Australia as follows:

- Westpac Retail & Business Banking ("**Westpac RBB**") is responsible for sales and service for Westpac's 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 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 channels;
- St. George Banking Group ("**St. George**") 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 and online deposits. 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; and

ABOUT WESTPAC

- BT Financial Group Australia (“**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 (63.0% owned by the Westpac Group and consolidated in BTFG’s Funds Management business), BT Select, Licensee Select, Securator, and the advice, private banking and insurance operations of Bank of Melbourne, BankSA, St. George and Westpac.

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.

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. Westpac New Zealand 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 and WIB brands while insurance and wealth products are provided under Westpac Life and BT brands, respectively. Westpac New Zealand also has its own infrastructure, including technology, operations and treasury.

Other business divisions include:

- Westpac Pacific, which provides banking services for retail and business customers in seven Pacific Island Nations;
- Group Services, encompassing technology, banking operations, legal and property services;
- Treasury, which is primarily focused on the management of the Group’s interest rate risk and funding requirements; and
- Core Support, which comprises those functions performed centrally, including finance, risk and human resources.

5.1.3 Summary and selected financial information

Consolidated income statement and other selected financial information¹

| | Half Year Ended 31 March 2013 \$m | Half Year Ended 31 March 2012 \$m |
|---|---|---|
| Interest income | 16,864 | 18,948 |
| Interest expense | (10,572) | (12,763) |
| Net interest income | 6,292 | 6,185 |
| Non-interest income | 2,878 | 2,647 |
| Net operating income before operating expenses and impairment charges | 9,170 | 8,832 |
| Operating expenses | (3,909) | (3,896) |
| Impairment charges | (438) | (608) |
| Profit before income tax | 4,823 | 4,328 |
| Income tax expense | (1,484) | (1,327) |
| Net profit for the period | 3,339 | 3,001 |
| Net profit attributable to non-controlling interests | (35) | (34) |
| Net profit attributable to owners of Westpac Banking Corporation | 3,304 | 2,967 |
| Selected financial information | | |
| Expense to income ratio | 42.6% | 44.1% |

1. The consolidated income statement and other selected financial information have been derived from Westpac's unaudited interim financial report as at and for the half year ended 31 March 2013.

ABOUT WESTPAC

Consolidated Balance Sheet¹

| | As at 31 March 2013 \$m | As at 30 Sept 2012 \$m |
|--|-------------------------------|------------------------------|
| Assets | | |
| Cash and balances with central banks | 6,600 | 12,523 |
| Receivables due from other financial institutions | 12,580 | 10,228 |
| Derivative financial instruments | 29,323 | 35,489 |
| Trading securities | 46,346 | 44,603 |
| Other financial assets designated at fair value | 2,543 | 2,664 |
| Available-for-sale securities | 27,775 | 24,472 |
| Loans – housing and personal | 371,880 | 365,221 |
| Loans – business | 149,250 | 149,224 |
| Life insurance assets | 8,508 | 8,240 |
| Regulatory deposits with central banks overseas | 1,529 | 1,893 |
| Deferred tax assets | 1,873 | 2,176 |
| Goodwill and other intangible assets | 12,108 | 12,134 |
| Property, plant and equipment | 1,084 | 1,137 |
| Other assets | 6,110 | 4,961 |
| Total assets | 677,509 | 674,965 |
| Liabilities | | |
| Payables due to other financial institutions | 8,043 | 7,564 |
| Deposits | 403,406 | 394,991 |
| Derivative financial instruments | 34,081 | 38,935 |
| Trading liabilities and other financial liabilities designated at fair value | 8,833 | 9,964 |
| Debt issues | 144,198 | 147,581 |
| Acceptances | 105 | 266 |
| Current tax liabilities | 523 | 1,022 |
| Deferred tax liabilities | 22 | 33 |
| Life insurance liabilities | 7,407 | 7,208 |
| Provisions | 1,391 | 1,935 |
| Other liabilities | 11,426 | 9,710 |
| Total liabilities excluding loan capital | 619,435 | 619,209 |
| Loan capital | 10,880 | 9,537 |
| Total liabilities | 630,315 | 628,746 |
| Net assets | 47,194 | 46,219 |
| Shareholders' equity | | |
| Share capital: | | |
| Ordinary share capital | 26,879 | 26,355 |
| Treasury shares and RSP treasury shares | (254) | (192) |
| Reserves | 657 | 958 |
| Retained profits | 17,935 | 17,128 |
| Total equity attributable to owners of Westpac Banking Corporation | 45,217 | 44,249 |
| Non-controlling interests | 1,977 | 1,970 |
| Total shareholders' equity and non-controlling interests | 47,194 | 46,219 |

1. The consolidated balance sheet has been derived from Westpac's unaudited interim financial report as at and for the half year ended 31 March 2013.

Further financial and other information for Westpac can be obtained from Westpac's interim financial statements for the half year ended 31 March 2013 which are available on the Westpac website at www.westpac.com.au/investorcentre.

5.2 CAPITAL MANAGEMENT STRATEGY AND CAPITAL RATIOS

5.2.1 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 insurers, friendly societies, most members of the superannuation industry, and banks such as Westpac.

Australia's risk-based capital adequacy guidelines are generally consistent with the *International Regulatory Framework for Banks*, also known as Basel III, issued by the BCBS, except where APRA has exercised certain discretions. On balance, the application of these discretions acts to reduce reported capital ratios relative to those reported in other jurisdictions. Under Basel III, APRA requires Australian banks (including Westpac) to maintain a minimum ratio of capital to risk-adjusted assets which consists of at least 4.5% Common Equity Tier 1 Capital, 6% Tier 1 Capital and 8% Total Capital.

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.

5.2.2 Regulatory change

On 16 December 2010, the BCBS released the final text of the Basel III capital framework. The framework was revised in June 2011 and 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 at 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 loss 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 which started on 1 January 2013. Some elements do not become fully effective until 1 January 2019.

On 28 September 2012, APRA released the four final capital adequacy standards that will govern the implementation of the Basel III capital framework in Australia. On 13 November 2012 APRA released updated prudential standards which incorporated the Basel III requirements for counterparty credit risk. This release represented the latest measures to implement the Basel III capital reforms in Australia. APRA has required Australian ADIs to meet the new minimum capital requirements from 1 January 2013 and has proposed that the capital conservation buffer apply in full from its introduction date of 1 January 2016.

Westpac is currently complying with the Basel III capital standards as implemented in Australia and current capital levels are above the minimums that will apply from 1 January 2016.

In November 2011, the BCBS published *Global systemically important banks: Assessment methodology and the additional loss absorbency requirement*. This document announced the final methodology for determining Global Systemically Important Banks ("G-SIBs"), and the Financial Stability Board ("FSB") named 29 G-SIBs that would be subject to higher capital requirements and greater oversight. The list of G-SIBs is subject to annual review and in November 2012 the FSB issued an updated list of 28 G-SIBs as well as specifying the higher capital requirements proposed for each. These increased capital requirements will be phased in from January 2016. Westpac has not been named as a G-SIB.

The G20 also directed the FSB to consider how to extend the framework to a broader set of systemically important financial institutions, including Domestic Systemically Important Banks (“D-SIBs”), and to make recommendations to the G20. On 12 October 2012, the BCBS issued the paper *A framework for dealing with domestic systemically important banks*. The paper sets out a principles based framework for regulating D-SIBs. However, until APRA develops the rules for implementing the framework in Australia, any impact on Westpac cannot be determined.

APRA’s final Basel III prudential standards also included a number of changes to the eligibility criteria for capital instruments, including stricter criteria for instruments to qualify as Additional Tier 1 Capital and Tier 2 Capital. The new requirements came into effect on 1 January 2013.

5.2.3 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 the Notes are eligible for inclusion as Tier 2 Capital under APRA’s current prudential standards.

5.2.4 Impact of the issue of Westpac Subordinated Notes II on Westpac’s consolidated balance sheet

The following unaudited pro-forma consolidated balance sheet shows the adjustments that would be made to Westpac’s consolidated balance sheet as at 31 March 2013, assuming:

- an issue of \$850 million of Notes less Offer costs of \$11 million¹;
- the proposed redemption of \$1,036 million of Westpac SPS, assuming \$364 million² is reinvested into Notes, \$531 million of Non-Participating Westpac SPS are transferred to the Nominated Party and are subsequently redeemed for cash and \$141 million of Non-Participating Westpac SPS are transferred to the Nominated Party and subsequently convert into Ordinary Shares; and
- \$2 million of deferred costs related to Westpac SPS is expensed.

The anticipated proceeds of the Offer will be used by Westpac for general business purposes. The Offer will not have a material impact on Westpac’s cash flow. The anticipated proceeds of the Offer represent less than 1% of Westpac Group’s total liabilities as at 31 March 2013.

1. Westpac may raise more or less than \$850 million under the Offer and these figures will be impacted accordingly.

2. Westpac currently estimates a Westpac SPS reinvestment rate of between 30%-40%. The Westpac SPS reinvestment rate may be outside this range and this figure may be impacted accordingly.

Unaudited Pro-forma Consolidated Balance Sheet

| | Reported 31 March 2013 ¹ \$m | Pro-forma Adjustments \$m | Pro-forma 31 March 2013 \$m |
|--|---|---------------------------------|-----------------------------------|
| Assets | | | |
| Cash and balances with central banks ² | 6,600 | (56) | 6,544 |
| Receivables due from other financial institutions | 12,580 | | 12,580 |
| Derivative financial instruments | 29,323 | | 29,323 |
| Trading securities | 46,346 | | 46,346 |
| Other financial assets designated at fair value | 2,543 | | 2,543 |
| Available-for-sale securities | 27,775 | | 27,775 |
| Loans – housing and personal | 371,880 | | 371,880 |
| Loans – business | 149,250 | | 149,250 |
| Life insurance assets | 8,508 | | 8,508 |
| Regulatory deposits with central banks overseas | 1,529 | | 1,529 |
| Deferred tax assets | 1,873 | | 1,873 |
| Goodwill and other intangible assets | 12,108 | | 12,108 |
| Property, plant and equipment | 1,084 | | 1,084 |
| Other assets | 6,110 | | 6,110 |
| Total assets | 677,509 | (56) | 677,453 |
| Liabilities | | | |
| Payables due to other financial institutions | 8,043 | | 8,043 |
| Deposits | 403,406 | | 403,406 |
| Derivative financial instruments | 34,081 | | 34,081 |
| Trading liabilities and other financial liabilities designated at fair value | 8,833 | | 8,833 |
| Debt issues | 144,198 | | 144,198 |
| Acceptances | 105 | | 105 |
| Current tax liabilities | 523 | | 523 |
| Deferred tax liabilities | 22 | | 22 |
| Life insurance liabilities | 7,407 | | 7,407 |
| Provisions | 1,391 | | 1,391 |
| Other liabilities | 11,426 | | 11,426 |
| Total liabilities excluding loan capital | 619,435 | | 619,435 |

1. The consolidated balance sheet has been derived from Westpac's unaudited interim financial report as at and for the half year ended 31 March 2013.

2. The reduction in cash and balances with central banks is due to: (1) the on-market purchase and cancellation of \$364 million of Westpac SPS under the Reinvestment Offer; and (2) the proposed redemption of \$531 million of Westpac SPS once the Non-Participating SPS have been transferred to the Nominated Party. The amount is partially offset by the net proceeds of the Offer of \$839 million (net of Offer costs).

ABOUT WESTPAC

| | Reported 31 March 2013 ¹ \$m | Pro-forma Adjustments \$m | Pro-forma 31 March 2013 \$m |
|---|---|---------------------------------|-----------------------------------|
| Loan capital ² | 10,880 | (195) | 10,685 |
| Total liabilities | 630,315 | (195) | 630,120 |
| Net assets | 47,194 | 139 | 47,333 |
| Shareholders' equity | | | |
| Share capital: | | | |
| Ordinary share capital ³ | 26,879 | 141 | 27,020 |
| Treasury shares and RSP treasury shares | (254) | | (254) |
| Reserves | 657 | | 657 |
| Retained profits | 17,935 | (2) | 17,933 |
| Total equity attributable to owners of Westpac Banking Corporation | 45,217 | 139 | 45,356 |
| Non-controlling interests | 1,977 | | 1,977 |
| Total shareholders' equity and non- controlling interests | 47,194 | 139 | 47,333 |

5.2.5 Westpac's reported and pro-forma consolidated capital adequacy position as at 31 March 2013

The table below sets out Westpac's pro-forma capital ratios based on Westpac's consolidated balance sheet as at 31 March 2013 and the pro-forma consolidated balance sheet as at 31 March 2013 in Section 5.2.4.

The issue of \$850 million of Notes and the reinvestment, redemption and conversion of \$1,036 million of Westpac SPS have the following pro-forma impacts on Westpac's capital ratios:

- the \$141 million of Non-Participating Westpac SPS assumed to be transferred to the Nominated Party and subsequently converted into Ordinary Shares increases the pro-forma Common Equity Tier 1 Ratio by 5 basis points;
- the proposed redemption of \$1,036 million of Westpac SPS and a lower Basel III transition adjustment deduction of \$552 million reduces the pro-forma Additional Tier 1 Capital ratio by 16 basis points; and
- the issue of \$850 million of Notes, less Offer costs of \$11 million, increases the pro-forma Tier 2 Capital ratio by 27 basis points.

We further note that, on 30 September 2013, TPS 2003 will cease to be eligible as Additional Tier 1 Capital which will result in a decrease to the Additional Tier 1 Capital ratio of approximately 37 basis points. This reduction is not reflected in the 31 March 2013 pro-forma table below.

1. The consolidated balance sheet has been derived from Westpac's unaudited interim financial report as at and for the half year ended 31 March 2013.

2. The reduction in Loan capital is due to: (1) the on-market purchase and cancellation of \$364 million of Westpac SPS under the Reinvestment Offer; (2) the proposed redemption of \$531 million of Westpac SPS and the conversion of \$141m worth of Westpac SPS into Ordinary Shares, once the Non-Participating Westpac SPS have been transferred to the Nominated Party; and (3) \$2 million of deferred costs related to Westpac SPS being expensed. The amount is partially offset by the net proceeds of the Offer of \$839 million (net of Offer costs).

3. This figure reflects the issue of \$141 million worth of Ordinary Shares following conversion of Westpac SPS on 26 September 2013.

Westpac reported and pro-forma consolidated capital adequacy position (Level 2)

| Capital Ratios ¹ | Half Year Ended 31 March 2013 | Pro-forma adjustments | Pro-forma 31 March 2013 |
|------------------------------------|----------------------------------|--------------------------|----------------------------|
| Common Equity Tier 1 Capital Ratio | 8.74% | 0.05% | 8.79% |
| Additional Tier 1 Capital ratio | 2.07% | (0.16%) | 1.91% |
| Tier 1 Capital Ratio | 10.81% | (0.11%) | 10.70% |
| Tier 2 Capital ratio | 1.66% | 0.27% | 1.93% |
| Total Capital Ratio | 12.47% | 0.16% | 12.63% |

5.3 FUNDING AND LIQUIDITY

5.3.1 Funding

The Westpac Group monitors the composition and stability of its funding base to ensure it remains appropriately within the Westpac Group's funding risk appetite. This includes a target stable funding ratio greater than 75%. Stable funding includes customer deposits, wholesale term funding with residual maturity greater than 12 months, securitisation and equity.

The Westpac Group maintained a strong funding profile over the half year ended 31 March 2013 with customer deposit growth funding lending growth and the buy back of certain Australian Government guaranteed debt. Long term wholesale debt was issued to refinance maturities. As a result the stable funding ratio for the Westpac Group was unchanged from 30 September 2012 at 83%. Customer deposits provided 59% of the Westpac Group's total funding at 31 March 2013. Wholesale funding with a residual maturity of more than 12 months, securitisation and equity made up an additional 24% of the Westpac Group's funding as at 31 March 2013. Short-term wholesale funding (including both short term debt and long-term wholesale funding with less than 12 months to maturity) represented 17% of the Westpac Group's total funding as at 31 March 2013.

Maintaining a diverse funding base and ensuring the Westpac Group has capacity and flexibility to access a wide range of funding markets, debt investors and products is an important part of the Group's funding risk management.

Westpac also undertakes an annual funding review that outlines the funding strategy for the coming year. This review encompasses trends in global markets, peer analysis, wholesale funding capacity, expected funding requirements and a funding risk analysis. This strategy is continuously reviewed to take account of changing market conditions, investor sentiment and estimations of asset and liability growth rates.

5.3.2 Liquidity risk framework

The Westpac Group has a robust liquidity risk management framework to ensure its ability to meet cash flow obligations under a wide range of market conditions, including name-specific and market wide stress scenarios.

Westpac's liquidity risk management framework models its ability to fund under both normal conditions and during crisis situations, with models run globally and for specific geographical regions: Australia, New Zealand and offshore. This approach is designed to ensure that Westpac's funding framework is sufficiently flexible to accommodate a wide range of market conditions. The liquidity risk management framework is reviewed annually.

As at 31 March 2013, Westpac held \$111 billion in unencumbered liquid assets, up \$1 billion compared to 30 September 2012. As at 31 March 2013, the Westpac Group held sufficient liquid assets to cover all wholesale debt maturities (excluding expected securitisation amortisation) within the next 16 months.

1. A reinvestment amount of more or less than \$364 million will impact capital ratios.

5.3.3 Basel III liquidity framework

On 16 December 2010, the BCBS released the final text of the Basel III liquidity framework. The framework introduced two new liquidity measures, the Liquidity Coverage Ratio (“**LCR**”) and the Net Stable Funding Ratio (“**NSFR**”).

The LCR requires banks to hold sufficient high quality liquid assets, as defined, to withstand 30 days under an acute stress scenario. Since there are insufficient Government bonds available in the Australian marketplace to allow institutions to meet the LCR, the Reserve Bank of Australia (“**RBA**”) has announced jointly with APRA that access to a Committed Liquidity Facility (“**CLF**”) will be made available to Australian institutions as a pathway to meet the requirements of the LCR.

The timetable for implementation of each measure is for the LCR to be introduced from 1 January 2015 and the NSFR from 1 January 2018. Both liquidity measures are subject to an observation and review period prior to implementation and as such are potentially subject to modification.

In response to its observation and review process, the BCBS issued a revised framework for the LCR and liquidity risk monitoring in January 2013, including proposed recalibration of certain elements and phase-in arrangements over 4 years for the LCR from January 2015.

On 6 May 2013 APRA released a consultation package on Basel III liquidity reforms, including a proposed new draft liquidity standard (APS 210). APRA adopted the majority of the revisions to the LCR announced by the BCBS in January 2013, with the key exception being that APRA have not adopted the proposed phase-in of the LCR and have retained the requirement for a minimum LCR of 100% from 1 January 2015. The draft APS 210 is subject to a consultation period and the standard is expected to be finalised in mid-2013. Until the standard is finalised, and details regarding access to the CLF are clarified through engagement with APRA, the full extent of the impact on the Westpac Group is uncertain.

6

INVESTMENT RISKS

This Section describes some of the risks associated with an investment in Westpac Subordinated Notes II. It is divided into risks that are specific to Westpac Subordinated Notes II and risks that relate to an investment in Westpac.

INVESTMENT RISKS

Before applying for Notes you should consider whether the Notes are a suitable investment for you. There are risks associated with an investment in the Notes, many of which are outside the control of Westpac and its Directors. These risks include those referred to in this Section 6 and other matters referred to in this Prospectus.

6.1 INVESTMENT RISKS RELATING TO WESTPAC SUBORDINATED NOTES II

Set out in this Section 6.1 are risks associated specifically with an investment in the Notes. In particular, these risks arise from the nature of the Notes and the Conditions. You should also consider the other risks in Section 6.2 which relate to an investment in Westpac.

6.1.1 Investments in Westpac Subordinated Notes II are not deposit liabilities or protected accounts under the Banking Act or Financial Claims Scheme

The Notes are not deposit liabilities or protected accounts of Westpac for the purposes of the Banking Act or Financial Claims Scheme and are not subject to the depositor protection provisions of Australian banking legislation (including the Australian Government guarantee of certain bank deposits). Therefore, the Notes are not guaranteed or insured by any Australian government, government agency or compensation scheme of Australia or any other jurisdiction.

6.1.2 Market price of Westpac Subordinated Notes II may fluctuate

Westpac has applied for the Notes to be quoted on ASX, but Westpac is unable to forecast or guarantee the market price or liquidity of the market for the Notes. Holders who wish to sell their Notes before the Maturity Date may incur loss if the Notes trade at a market price below the amount at which the Notes were acquired.

The market price for the Notes may fluctuate due to various factors, including:

- changes in Australian and international economic and market conditions, interest rates, credit margins, foreign exchange rates, credit ratings and equity markets;
- changes in investor perception and sentiment in relation to Westpac or the financial services industry;
- changes in the market price of Ordinary Shares and/or senior or subordinated debt securities or other Capital Securities issued by Westpac or by other issuers;
- Westpac's financial performance and position;
- the occurrence of a Non-Viability Trigger Event; and
- other major Australian and international events such as hostilities, tensions and acts of terrorism.

It is possible that the Notes may trade at a market price above or below the Face Value as a result of these and other factors.

6.1.3 The liquidity of Westpac Subordinated Notes II may be low

The market for the Notes may be volatile and less liquid than the market for Ordinary Shares. Holders who wish to sell their Notes may be unable to do so at an acceptable price, or at all, if insufficient liquidity exists in the market for the Notes.

6.1.4 Payments are subject to satisfaction of the Solvency Condition

All of Westpac's obligations to make payments in respect of the Notes are subject to the Solvency Condition being satisfied.

If the Solvency Condition is not satisfied, that is, if Westpac is not able to pay its debts as they become due and payable, or Westpac's assets do not exceed its liabilities at the time the payment is due or immediately after making the payment, no payment will be made. Westpac's failure to pay will not be an Event of Default and any unpaid amount of principal will accrue interest and interest not paid will accrue with compounding until it is paid and will be payable on the first Business Day on which Westpac meets the Solvency Condition. However, if a Non-Viability Trigger Event occurs, all of Westpac's obligations to make payments in respect of the Notes will cease and Holders will have no rights to recover any unpaid amounts (although Holders will receive Ordinary Shares upon Conversion, assuming Westpac is able to Convert the Notes).

6.1.5 Changes in the Interest Rate

The Interest Rate is calculated for each Interest Period by reference to the 90 day Bank Bill Rate, which is influenced by a number of factors and varies over time. The Interest Rate will fluctuate and may increase and/or decrease over time with movements in the 90 day Bank Bill Rate.

The movements in the 90 day Bank Bill Rate over the last 10 years are set out in the chart below.

As the Interest Rate fluctuates, there is a risk that the rate may become less attractive when compared to returns available on comparable securities issued by Westpac or other issuers or other investments.

Westpac does not guarantee any particular rate of return on the Notes.

90 day Bank Bill Rate (% per annum)¹



¹ The above graph is for illustrative purposes only and does not indicate, guarantee or forecast the actual Bank Bill Rate. Past levels are not necessarily indicative of future levels. The actual Bank Bill Rate for the first and any subsequent Interest Period may be higher or lower than the rates in the above graph.

Source: IRESS

6.1.6 A Non-Viability Trigger Event may occur

The inclusion of the Non-Viability Trigger Event in the terms of regulatory capital instruments is a new requirement under APRA's prudential standards and is intended to provide an advanced framework for the Notes to replenish Westpac's Common Equity Tier 1 Capital if Westpac experiences significant financial difficulty.

If a Non-Viability Trigger Event occurs, Westpac will be required to Convert the Notes to Ordinary Shares – see Section 6.1.7 below. A Non-Viability Trigger Event occurs when APRA notifies Westpac in writing that it believes:

- Conversion of all or some Notes (or conversion or write down of other capital instruments of the Westpac Group) is necessary because, without it,

Westpac would become non-viable; or

- a public sector injection of capital, or equivalent support, is necessary because, without it, Westpac would become non-viable.

APRA has indicated that at this time it will not provide guidance as to how it would determine non-viability. Non-viability could be expected to include serious impairment of Westpac's financial position, concerns about its capital, funding or liquidity levels and/ or insolvency. However, it is possible that APRA's definition of non-viable may not necessarily be confined to these matters and APRA's position on these matters may change over time. As the occurrence of a Non-Viability Trigger Event is at the discretion of APRA, there can be no assurance given as to the factors and circumstances that might give rise to such an event.

Westpac has a framework in place to manage capital, funding and liquidity risk to lower the risk of experiencing financial difficulty.

In Section 6.2, a number of general risks associated with Westpac's businesses are outlined. If one, or a combination, of these risks leads to a significant capital loss, or prolonged difficulties in raising funding or maintaining sufficient liquidity, Westpac believes this may be the type of situation in which APRA would become concerned and notify Westpac that it has become non-viable. It should be noted that these are examples. The risks outlined in Section 6.2 are not exhaustive and there may be other risks which affect the financial performance and condition of Westpac.

For further information about Westpac's capital, funding and liquidity risk management, see Sections 5.2.1, 5.3.1 and 5.3.2.

6.1.7 Conversion following a Non-Viability Trigger Event

Upon the occurrence of a Non-Viability Trigger Event, all or some of the Notes (or a percentage of the Face Value of each Note) will Convert into the Conversion Number of Ordinary Shares. The Conversion Number will be based on the VWAP during the 5 Business Days on which trading in Ordinary Shares took place immediately preceding but not including the Non-Viability Trigger Event Date which may differ from the Ordinary Share price on or after that date. Holders will receive the Conversion Number of Ordinary Shares

INVESTMENT RISKS

on the Conversion Date. The Conversion Number will not exceed the Maximum Conversion Number – see below for further information about the Maximum Conversion Number.

Ordinary Shares

The Ordinary Shares issued on Conversion may not be listed. They may not have been listed for some period of time, for example, if Westpac is acquired by another entity and delisted. The Ordinary Shares may not be able to be sold at prices representing their value based on the VWAP. In particular, VWAP prices will be based on trading days which occurred before the Non-Viability Trigger Event.

Ordinary Shares are a different type of investment to the Notes. Dividends are payable at the absolute discretion of Westpac and the amount of each dividend is also discretionary (and not subject to a formula). In a Winding-Up, claims of holders of Ordinary Shares rank behind claims of holders of all other securities and debts of Westpac. The market price of Ordinary Shares may be more sensitive than that of Notes to changes in Westpac's performance, operational issues and other business issues.

Maximum Conversion Number

The Maximum Conversion Number of Ordinary Shares, in the case of Conversion following a Non-Viability Trigger Event, will be calculated based on a VWAP set to reflect 20% of the Issue Date VWAP. The Maximum Conversion Number may be adjusted to reflect a consolidation, division or reclassification, or pro rata bonus issue, of Ordinary Shares. However, no adjustment will be made to it on account of other transactions which may affect the price of Ordinary Shares, including for example, rights issues, returns of capital, buy-backs or special dividends. The Conditions do not limit the transactions that Westpac may undertake with respect to its share capital and any such action may increase the risk that Holders receive only the Maximum Conversion Number and so adversely affect the position of Holders.

Accordingly, depending upon the Ordinary Share price during the 5 Business Days prior to a Non-Viability Trigger Event Date, the value of Ordinary Shares received for each Note may be significantly less than the Face Value of each Note. See Section 6.1.12 for further information.

Order of Conversion of Relevant Capital Securities

If Westpac is only required to convert a certain amount of Relevant Capital Securities, Westpac will determine the amount of Notes which will be Converted and other Relevant Capital Securities which will be converted or written-down as follows:

- first, Westpac will convert or write-down such number or amount of the face value of all outstanding Relevant Tier 1 Securities before Conversion of the Notes or as is necessary to satisfy APRA that Westpac will no longer be non-viable; and
- second, if conversion or write-down of those Relevant Tier 1 Securities is not sufficient, Westpac will Convert the Notes and/or convert or write-down other Relevant Tier 2 Securities, on a pro-rata basis or in a manner that is otherwise, in the opinion of Westpac, fair and reasonable, the Face Value of the Notes and the face value of any Relevant Tier 2 Securities (subject to such adjustments as Westpac may determine to take into account the effect on marketable parcels and whole numbers of Ordinary Shares and any Notes or Relevant Tier 2 Securities remaining on issue),

but such determination will not impede the immediate Conversion of the relevant number of Notes or percentage of the Face Value of each Note (as the case may be), or, if applicable, termination of the relevant Holders' rights and claims.

However, Westpac has no obligation to have or maintain on issue Relevant Tier 1 Securities which are liable to be converted or written off ahead of Notes and other Relevant Tier 2 Securities and gives no assurance that there will be any such instruments on issue at the time at which the Notes may be required to be Converted.

Further, in Converting Notes or converting or writing-off other Relevant Capital Securities, although Westpac will endeavour to treat Holders and holders of other Relevant Tier 2 Securities on an approximately proportionate basis, Westpac may discriminate to take account of the effect on marketable parcels of Notes and other logistical considerations. Accordingly, should a Non-Viability Trigger Event occur and only some of the Notes must be Converted, it is possible that not all Holders will have their Notes Converted into Ordinary Shares.

6.1.8 Termination of rights where Conversion not possible following a Non-Viability Trigger Event

If Conversion of Notes is not possible due to applicable law, order of a court or action of any government authority (including regarding the insolvency, Winding-Up or other external administration of Westpac) or for any other reason and Westpac is not able to issue the Ordinary Shares within 5 Business Days following a Non-Viability Trigger Event, then the Notes will be Written-off and the rights of Holders (including to payments of Interest and repayment of Face Value) in relation to those Notes will be immediately and irrevocably terminated. Your investment will lose its value and you will not receive any compensation.

6.1.9 Westpac may fail to pay Face Value, Interest or other amounts

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 Notes. If Westpac does not pay some or all of the Face Value, Interest or other amounts payable on the Notes, Holders may lose some or all of the money invested in Notes.

The remedies available to Holders in the event of non-payment are limited. Failure to pay because the Solvency Condition is not satisfied is not an Event of Default.

If an amount is not paid in circumstances where the Solvency Condition has been satisfied, that is an Event of Default and the Holder may institute proceedings:

- to recover any amount then due and payable but unpaid on that Note (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 that Note; or
- for a Winding-Up of Westpac.

There is a risk that the entire amount owed may not be recovered even if the Holder institutes proceedings against Westpac. Further, although the Conditions may specify certain remedies (for example, seeking an order for the Winding-Up of Westpac), the grant of those remedies may be in the discretion of the court and, as such, may not be granted.

6.1.10 Ranking of Westpac Subordinated Notes II

The Notes are unsecured, subordinated obligations of Westpac.

In the event of a Winding-Up, if the Notes are still on issue and have not been Redeemed, or, following a Non-Viability Trigger Event, Converted or Written-off, they rank for payment:

- ahead of Ordinary Shares and other Junior Ranking Capital Instruments;
- equally among themselves and with other Equal Ranking Instruments; and
- behind Senior Creditors (including depositors and all holders of Westpac's senior or less subordinated debt).

As the Notes rank after Senior Creditors, there is a risk that in a Winding-Up, there will be insufficient funds to provide any return to Holders.

If, in a Winding-Up, the Notes are still on issue and have not been Redeemed, or, following a Non-Viability Trigger Event, Converted or Written-off, Holders will only be entitled to prove for any sums payable in respect of their Notes as a debt which is subject to prior payment in full of Senior Creditors.

If the Notes have been Converted, Holders will hold Ordinary Shares and rank equally with other holders of Ordinary Shares in a Winding-Up.

However, if, following a Non-Viability Trigger Event, Conversion is not possible (for example, due to applicable laws, order of a court or action of any government authority) and Westpac is not able to issue the Ordinary Shares within 5 Business Days following such an event, then the Notes will be Written-off and the Holders' rights (including to Interest) in relation to those Notes will be immediately and irrevocably terminated. Your investment will lose its value and you will not receive any compensation.

6.1.11 Exposure to Westpac's financial performance and position and changes to Westpac's ratings

An investment in Notes is an investment in Westpac and may be affected by the ongoing performance and financial position of Westpac, or changes to the credit ratings assigned to Westpac by rating agencies.

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As a result, if Westpac's financial performance or position declines or the credit ratings assigned to it change, or if market participants anticipate such a decline or change, an investment in the Notes could decline in value even if the Notes have not been Converted.

See Section 6.2.3 for further information regarding the potential impact of failing to maintain credit ratings assigned to Westpac by rating agencies.

On 3 June 2013, Moody's Investors Service announced that, as part of a global methodology update, it has changed the way in which it looks at the probability of governmental support for banks' subordinated debt and that as a result, it has placed the subordinated debt ratings of banks in several jurisdictions on review. In Australia, Moody's has placed the subordinated debt of eight banks, including the subordinated debt of Westpac, on review for downgrade.

Any change in the credit ratings assigned to the subordinated debt of Westpac may result in a decline in value of an investment in the Notes.

6.1.12 The Ordinary Share price used to calculate the Conversion Number of Ordinary Shares may be different to the market price of Ordinary Shares at the time of Conversion

The number of Ordinary Shares issued to Holders upon Conversion will generally depend on the average of the daily VWAP of Ordinary Shares over the 5 Business Days on which trading in Ordinary Shares took place immediately preceding the Conversion Date, and is subject to the Maximum Conversion Number. Accordingly, the Ordinary Share price used to calculate the Conversion Number of Ordinary Shares may be different to the market price of Ordinary Shares at the time of Conversion so that the value of Ordinary Shares you receive may be less than the value of those Ordinary Shares based on the Ordinary Share price on the Conversion Date.

The market price for Ordinary Shares following Conversion may fluctuate due to various factors, including:

- changes in Australian and international economic and market conditions, interest rates, credit margins, foreign exchange rates, credit ratings and equity markets;
- changes in investor perception and sentiment in relation to Westpac or the financial services industry;
- changes in the market price of other securities issued by Westpac or by other issuers;
- Westpac's financial performance and position; and
- other major Australian and international events such as hostilities, tensions and acts of terrorism.

These risks are described in Section 6.2 and may have an impact on the market price of Ordinary Shares, as well as the market price of the Notes.

6.1.13 Holders cannot request Redemption or Conversion of Westpac Subordinated Notes II

Holders have no right to request Redemption or Conversion of the Notes prior to the Maturity Date. Therefore, prior to the Maturity Date, unless Westpac elects to Redeem the Notes (subject to APRA's prior written approval), in order to realise your investment you would have to sell your Notes on ASX at the prevailing market price. Depending on market conditions at the time, the Notes may be trading at a market price below the Face Value and/or the market for the Notes may not be liquid. Westpac does not guarantee that you will be able to sell your Notes on the ASX at an acceptable price or at all. Brokerage fees may also be payable if Notes are sold through a broker.

6.1.14 Redemption at Westpac's option

Westpac may (subject to APRA's prior written approval) Redeem some or all of the Notes on 22 August 2018 and on each Interest Payment Date thereafter (each being an Optional Redemption Date).

Westpac may also (subject to APRA's prior written approval) Redeem all (but not some) of the Notes following the occurrence of a Tax Event (see Section 6.1.17 below) or Regulatory Event (see Section 6.1.16 below), provided that Westpac has obtained, in the case of a Tax Event, a supporting opinion of reputable legal counsel or other tax adviser in Australia or, in the case of a Regulatory Event, a supporting opinion of reputable legal counsel in Australia or confirmation from APRA. Westpac must not have been in a position to anticipate the relevant Tax Event or Regulatory Event occurring as at the Issue Date.

There can be no certainty that APRA will provide its prior written approval for any redemption prior to the Maturity Date. Redemption is also subject to the Solvency Condition having been satisfied and to Westpac having replaced, or concurrently with redemption, replacing the Notes with a capital instrument which is of the same or better quality than the Notes (or confirmation from APRA that Westpac does not have to replace the Notes). See Sections 2.4.4, 2.4.5 and 2.4.6.

If redemption occurs on a date not previously contemplated by you, it may be disadvantageous in light of market conditions or your individual circumstances. The possibility of redemption means that the period for which Holders will be entitled to the benefit of the rights attaching to the Notes is unknown.

Where you receive cash on Redemption, the rate of return at which you could re-invest your funds may be lower than the Interest Rate at the time. Further, upon Redemption you will receive the Face Value of the Notes which may be less than their market value immediately prior to Redemption.

6.1.15 Implementation of the Basel III framework in Australia

Any fall in Westpac's Common Equity Tier 1 Capital Ratio as a result of changes to APRA's implementation of the Basel III framework may adversely impact the market price of the Notes or potentially increase the chance at a later date that Conversion of Notes takes place due to the occurrence of a Non-Viability Trigger Event (a Non-Viability Trigger Event will occur where APRA notifies Westpac in writing that it believes Conversion of some or all of the Notes or a public sector injection of capital, or equivalent support, is necessary because, without it, Westpac would become non-viable).

See Section 6.1.7 for the risks associated with Conversion of the Notes due to the occurrence of a Non-Viability Trigger Event.

See Sections 5.2.1, 5.2.2 and 5.2.3 for more information about the Basel III capital framework.

6.1.16 Regulatory classification and prudential supervision

APRA has confirmed that the Notes will be eligible for inclusion as Tier 2 Capital under APRA's prudential standard APS 111.

However, in certain circumstances, if APRA subsequently determines that the Notes do not or will not qualify for Tier 2 Capital treatment, Westpac may decide that a Regulatory Event has occurred and may elect to Redeem all (but not some) of the Notes (subject to APRA's prior written approval) – see Sections 2.4.4, 2.4.6 and 6.1.14.

A Regulatory Event may also occur as a result of other regulatory changes. See Section 2.4.6 for information on what constitutes a Regulatory Event, and Section 6.2.1 for risks associated with regulation of Westpac generally.

The Commonwealth Treasury announced in the latter half of 2012 a consultation on a series of reform proposals directed at strengthening APRA's crisis management powers. Submissions in relation to the reform proposals were accepted until 14 December 2012, and Treasury is yet to respond. If implemented, these proposals could impact the regulatory framework applicable to the Westpac Group and its shareholders, including Holders, particularly in circumstances where Westpac is financially distressed.

APRA released a consultation package for the proposed risk management and capital adequacy requirements of conglomerate groups on 9 May 2013. The package applies to conglomerate groups which comprise APRA regulated institutions performing material activities across more than one industry. The proposed regulatory framework will assist APRA to ensure that its supervision captures risks which APRA considers are not adequately covered by existing prudential arrangements.

The framework is not final, so may change and is expected to take effect from 1 January 2014. The package may require the Westpac Group to make changes to its capital position.

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6.1.17 Taxation treatment

A general description of the Australian taxation consequences of investing in the Notes is set out in the Taxation Letter from Allens in Section 7. This Taxation Letter is provided in general terms and is not intended to provide specific advice in relation to the circumstances of any particular potential investor or Holder. Accordingly, you should seek independent advice in relation to your individual tax position before you choose to apply for or invest in the Notes.

A Tax Event will occur if:

- Westpac determines that, as a result of an amendment to, clarification of or change or prospective change in Tax Legislation or an Administrative Action under or in connection with Tax Legislation after the Issue Date, there is a material risk that Westpac would be exposed to a more than de minimis adverse tax consequence in relation to the Notes; or
- Westpac determines that any interest payable on the Notes is not, or may not be, allowed as a deduction for the purposes of Australian income tax,

in each case, a circumstance, change or event which Westpac did not expect as at the Issue Date.

If a Tax Event occurs, Westpac may Redeem the Notes subject to the Conditions, which require, amongst other things, that Westpac has obtained a supporting opinion of reputable legal counsel or other tax adviser (in Australia) who is experienced in such matters and that Westpac did not expect the relevant Tax Event to occur as at the Issue Date – see Section 2.4.5.

6.1.18 FATCA withholding and reporting

Legislation incorporating provisions referred to as the Foreign Account Tax Compliance Act or “**FATCA**”, was passed in the United States on 18 March 2010. This description is based on guidance issued to date by the US Treasury, including recently issued final regulations. Future guidance may affect the application of FATCA to the Notes.

It is possible that, in order to comply with FATCA, Westpac (or, if Notes are held through another financial institution, such other financial institution) may be required pursuant to an agreement with the United States or under applicable law (including pursuant to the terms of an applicable

Intergovernmental Agreement entered into between the United States and any other jurisdiction) (i) to request certain information from Holders or beneficial owners of Notes, which information may be provided to the US Internal Revenue Service (“**IRS**”), and (ii) to withhold US tax on some portion of payments made after 31 December 2016 with respect to Notes or with respect to the issuance of any Ordinary Shares upon any Conversion 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 United States and are not otherwise required to comply with the FATCA regime under applicable law (including pursuant to the terms of an applicable Intergovernmental Agreement entered into between the United States and any other jurisdiction).

If Westpac or any other person is required to withhold amounts under or in connection with FATCA from any payments made with respect to Notes or with respect to the issuance of any Ordinary Shares upon any Conversion, Holders and beneficial owners of Notes, and holders of Ordinary Shares issued upon any Conversion, will not be entitled to receive any gross up or Additional Amounts to compensate them for such withholding. FATCA is complex and its application to the Notes remains uncertain. Prospective investors are advised to consult their own tax advisers as to the application of FATCA to the Notes.

6.1.19 Future issues of securities by Westpac

Westpac and members of the Westpac Group may, at their absolute discretion, issue securities in the future that:

- rank for payments of principal or interest (including in the Winding-Up of Westpac or another member of the Westpac Group) equally with, behind or ahead of the Notes;
- have the same or different maturities as the Notes;
- have the same or different dividend, interest or distribution rates as the Notes; or
- have the same or different terms and conditions as the Notes.

Westpac may incur further indebtedness and may issue further securities including further Tier 2 Capital securities before, during or after the issue of Notes.

The Conditions do not require Westpac to refrain from certain business changes or require Westpac to operate within certain ratio limits.

An investment in Notes carries no right to participate in any future issue of securities (whether equity, hybrid, debt or otherwise) by any member of the Westpac Group.

No prediction can be made as to the effect, if any, such future issues of securities by an entity in the Westpac Group may have on the market price or liquidity of the Notes.

6.1.20 Amendment of the Conditions of Westpac Subordinated Notes II

Westpac may, with APRA's prior written approval where the amendment would affect the eligibility of Notes as Tier 2 Capital, and subject to compliance with applicable law, amend the Conditions without the approval of Holders, provided Westpac is of the opinion that the amendment is 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 materially adversely affect the rights of Holders. Except for the amendments necessary to effect the substitution of an Approved Successor (see below), no other amendments are permitted without the prior written consent of the Holders given in accordance with the Deed Poll.

Westpac may also amend the Conditions, with APRA's prior written approval, to effect the substitution of an Approved Successor as the debtor in respect of the Notes and the issuer of ordinary shares on Conversion (see Section 6.1.21 below).

Amendments under these powers are binding on all Holders despite the fact that a Holder may not agree with the amendment.

APRA's prior written approval to amend the Conditions is always required where the amendment may impact, or potentially impact, the eligibility of the Notes as Tier 2 Capital.

6.1.21 Successor holding company

Where Westpac is replaced as the ultimate holding company of the Westpac Group by an Approved Successor and certain other conditions are satisfied, Conversion of Notes will not be triggered but Westpac may instead be allowed to make amendments (provided APRA's prior written approval is obtained) to substitute the Approved Successor as the debtor in respect of the Notes and the issuer of the ordinary shares issued on Conversion and to make certain other amendments to the Conditions. Accordingly, potential investors should be aware that, if:

- Westpac is replaced by an Approved Successor as the ultimate holding company of the Westpac Group; and
- a substitution of the Approved Successor as the debtor in respect of the Notes and the issuer of the ordinary shares on Conversion is effected under the Conditions,

Holders will be obliged to accept Approved Successor Shares and will not receive Ordinary Shares on Conversion.

Potential investors should also be aware that Holders may not have a right to vote on any proposal to approve, implement or give effect to the establishment of an Approved Successor.

Westpac has not made a decision to substitute an Approved Successor as the ultimate holding company of the Westpac Group.

Where Westpac transfers its assets to an Approved Successor, Westpac may as a result have reduced assets which may affect its credit rating and the likelihood Holders will receive their claims in full in a Winding-Up.

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6.1.22 No rights if control of Westpac is acquired

If a person other than an Approved Successor acquires control of Westpac, the Conditions do not provide any right or remedy for the Holders on account of such an acquisition occurring. Further, such an acquisition of Westpac may result in Westpac's Ordinary Shares no longer being quoted on ASX.

If after such an acquisition has occurred a Non-Viability Trigger Event occurs, the number of Ordinary Shares issued on Conversion will reflect the VWAP for the period of 5 Business Days on which the Ordinary Shares were last traded on ASX. The period of 5 Business Days may be well before the Non-Viability Trigger Event and, accordingly, the value of the Conversion Number of Ordinary Shares when issued may be very different from the value based on that VWAP. This may adversely affect the value of the Ordinary Shares which are issued to Holders upon Conversion and such Ordinary Shares may not be freely tradeable.

6.2 INVESTMENT RISKS RELATING TO WESTPAC

Set out in this Section 6.2 are specific risks associated with an investment in Westpac. Westpac's business is subject to risks that can adversely impact its business, results of operations, financial condition and future performance. These risks are relevant to an investment in Notes as the value of such an investment will depend on Westpac's results of operations, financial condition and future performance, regardless of when or if the Notes are Redeemed, Converted or Written-off. The risks and uncertainties described below are not the only ones Westpac may face. Additional risks and uncertainties that Westpac is not aware of, or that Westpac currently deems to be immaterial, may also become important factors that affect Westpac.

6.2.1 Westpac's businesses are highly regulated and it 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 or obtains funding, including Australia, New Zealand, Europe and the United States. Westpac is also supervised by a number of different regulatory and supervisory authorities which have broad administrative power over its businesses. In Australia, the relevant regulatory authorities include APRA, ASIC, the Treasury, ASX, the RBA, the Australian Competition and Consumer Commission and the Australian Transaction Reports and Analysis Centre ("AUSTRAC"). The Reserve Bank of New Zealand 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, the US Commodity Futures Trading Commission and the US Securities and Exchange Commission. In other jurisdictions in which we operate, including the United Kingdom, Asia and the Pacific, we are also required to comply with relevant requirements of local regulatory bodies.

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 or obtains funding, 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 resulting from the exercise of these powers could adversely affect Westpac's business, reputation, prospects, financial performance or financial condition.

As with other financial services providers, Westpac faces increasing supervision and regulation in most of the jurisdictions in which it operates or obtains funding, particularly in the areas of funding, liquidity, capital adequacy and prudential regulation. For example, in December 2010 the BCBS announced a revised global regulatory framework, known as Basel III. Basel III, among other things, increases the required quality and quantity of capital held by banks and introduces new minimum standards for the management of liquidity risk. The Basel III capital framework came into effect in Australia on 1 January 2013, subject to various transitional arrangements.

During the half year ended 31 March 2013, there were also a series of other regulatory releases from authorities in the various jurisdictions in which Westpac operates or obtains funding proposing significant regulatory change for financial institutions. This includes global 'over the counter' derivatives reform as well as other components of the US Dodd-Frank legislation which are designed to reform the entire system for the supervision and regulation of financial firms that operate in or have a connection with 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 counterterrorism 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. This may result in conflicts with specific requirements of the jurisdictions in which Westpac operates and, in addition, such changes may not be consistently introduced across jurisdictions.

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

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 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 processes or implement new processes 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 adversely affect Westpac's business, prospects, financial performance or financial condition.

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6.2.2 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. Adding to the uncertainty has been a slowing in the economic outlook for a number of countries, including China and the uncertain recovery of the United States economy. 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 2013, approximately 34% 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, prospects, liquidity, capital resources, financial performance or financial condition.

Westpac enters into collateralised derivative obligations, which may require Westpac to post additional collateral based on movements in market rates, which has the potential to adversely affect Westpac's liquidity.

6.2.3 Failure to maintain credit ratings could adversely affect Westpac's cost of funds, liquidity, competitive position and access to capital markets

Credit ratings are independent 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 Westpac's 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, structural considerations regarding the Australian financial system and the credit rating of the Australian Federal Government. A credit rating downgrade could be driven by the occurrence of one or more of the other risks identified in this Section 6.2 or by other events including changes to the methodologies used by the rating agencies to determine ratings.

Failure to maintain its current credit ratings could adversely affect Westpac's 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. See also Section 6.1.11.

6.2.4 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. There is an increased focus on the potential for sovereign debt defaults and/or significant bank failures in the 17 countries comprising the Eurozone which exacerbated these conditions. There can be no certainty 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. If the situation in the Eurozone worsens, there could be serious implications for the European Union and the euro, which, if destabilised, could result in currency fluctuations and operational disruptions that negatively impact the Westpac Group.

Any such market and economic disruptions could adversely affect 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 its 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 business, prospects, financial performance or financial condition could be adversely affected.

The nature and consequences of any such event are difficult to predict and there can be no certainty that Westpac could respond effectively to any such event.

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

Declines in Australian, New Zealand or other markets, including equity, residential and commercial property and other asset markets, could adversely affect Westpac's operations and profitability.

Declining asset prices impact Westpac's wealth management business. 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.

6.2.6 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

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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 adversely affect the Australian economy and customers. In particular, due to the current relationship between Australia and China, particularly in the mining and resources sectors, a slowdown in China's economic growth could negatively impact the Australian economy. Changes in economic conditions 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 could negatively impact Westpac's business, prospects, financial performance or financial condition.

6.2.7 An increase in defaults in credit exposures could adversely affect Westpac's liquidity, capital resources, financial performance or financial condition

Credit risk is a significant risk and arises primarily from Westpac's lending activities. The risk arises from the possibility that some customers and counterparties will be unable to honour their obligations to Westpac, including the repayment of loans and interest.

Westpac holds collective and individually assessed provisions for losses incurred in the loan portfolio as at balance date. 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 could adversely affect Westpac's liquidity, capital resources, financial performance or financial condition.

Credit risk also arises from certain derivative contracts Westpac enters into and from Westpac's 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.

6.2.8 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 adversely affect Westpac by diverting business to its competitors or creating pressure to lower margins.

Increased competition for deposits could also increase Westpac's cost of funding and lead Westpac 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 its lending activities.

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 business, prospects, financial performance and financial condition.

6.2.9 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, this may adversely affect its business, prospects, liquidity, capital resources, financial performance or financial condition.

6.2.10 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. As a major financial institution, Westpac is subject to the threat of cyberattacks by third parties which are intended to interrupt service to clients and customers or to obtain unauthorised access to customer data. While Westpac has systems and procedures in place to detect and respond to these instances, there is a risk that its security measures may prove inadequate or ineffective. Any failure of these systems could result in business interruption, loss of customers, theft of intellectual property and customer data, reputational damage and claims for compensation and regulatory investigations and penalties, which could adversely affect Westpac's business, prospects, financial performance or financial condition.

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 (SIPs) 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 financial performance.

6.2.11 Westpac could suffer losses due to operational risks

Operational risk is the risk of loss resulting from technology failure, inadequate or failed internal processes, people, 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 the computer systems, software and networks on which Westpac relies 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 business, prospects, financial performance or financial condition.

Westpac is also highly dependent on the conduct of its employees. Westpac could, for example, be adversely affected in the event of human error, inadequate or failed processes, 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 business, prospects, reputation, financial performance or financial condition.

INVESTMENT RISKS

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 or 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 Westpac's financial performance or financial condition.

6.2.12 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, foreign exchange and equity risk), compliance risk, conduct risk and operational risk; all of which comprise important elements of the Westpac Group's reputational risk.

However, there are inherent limitations with any risk management framework as there may exist, or emerge in the future, risks that Westpac has not anticipated or identified.

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 business, prospects, financial performance or financial condition.

6.2.13 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 business, prospects, financial performance or financial condition.

6.2.14 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 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 business, prospects, financial performance or financial condition.

6.2.15 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.

6.2.16 Certain strategic decisions may have adverse effects on Westpac's business

Westpac, at times, evaluates and may undertake strategic decisions which may include business expansion. The expansion, or integration of a new business, can be complex and costly and may require Westpac to comply with additional local or foreign regulatory requirements which may carry additional risks. These decisions may, for a variety of reasons, not deliver the anticipated positive business results and could have a negative impact on Westpac's business, prospects, engagement with regulators, financial performance or financial condition.

The summary of risks in this Section 6 is not exhaustive and you should read this Prospectus in its entirety and consult your financial adviser or other professional adviser before deciding whether to invest in Westpac Subordinated Notes II.

7

TAXATION LETTER

If you are considering applying for Westpac Subordinated Notes II, it is important that you understand the taxation consequences of investing in Westpac Subordinated Notes II. You should read the Taxation Letter from Allens in this Section, and discuss the taxation consequences with your tax adviser, financial adviser or other professional adviser, before deciding whether to invest.

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18 July 2013

The Directors
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Sydney NSW 2000

Ladies and Gentlemen

Australian taxation consequences of investing in Westpac Subordinated Notes II

We have been requested to provide a taxation summary regarding the principal Australian tax consequences for holders of Westpac Subordinated Notes II (**Notes**) to be issued by Westpac Banking Corporation (**Westpac**) for inclusion in the Prospectus.

The summary below is a general outline of the likely tax consequences for individuals, companies and complying superannuation entities who apply to acquire Notes under the Prospectus, who hold Notes on capital account and who are not associates of Westpac for tax law purposes (**Investors**).

The summary does not address all taxation consequences of ownership of Notes, nor the positions of other persons who acquire Notes in the course of a business of trading or investing in securities, such as share traders, investment companies, banks or insurance companies, or who otherwise hold Notes on revenue account or as trading stock.

Potential Investors should be aware that the actual tax consequences of ownership of Notes may differ depending on their individual circumstances. **Information contained in this summary is necessarily general in nature and Investors in Notes will need to consult their own professional tax advisers regarding the consequences of acquiring, holding or disposing of Notes in light of their particular circumstances.**

This summary assumes that all of the transactions described in the Prospectus will be carried out in the manner described in the Prospectus.

This summary is provided solely for the benefit of Westpac. It is not to be relied upon by any other person. Allens has consented to the inclusion of this letter in the Prospectus, but this letter should not be taken as a statement about any other matter in the Prospectus or in relation to Westpac or the performance of any investment in Westpac, and is subject to the terms of Allens' consent to be named as set out in the Prospectus.

This summary reflects the current provisions of the *Income Tax Assessment Act 1936 (Cth)* (**1936 Act**) and the *Income Tax Assessment Act 1997 (Cth)* (**1997 Act**), the regulations made under those Acts and the current administrative practice of the Australian Taxation Office (**ATO**). Except where expressly stated, it does not otherwise take into account or anticipate changes in taxation laws, whether by way of future judicial decision or legislative actions.

Capitalised terms used in this letter have the same meaning as in the Prospectus, unless otherwise indicated.

1. Characterisation of the Notes

The Notes should be 'debt interests' for income tax purposes. Interest payments on the Notes will, therefore, not be frankable.

The Notes will be 'financial arrangements' for the purposes of the 'taxation of financial arrangements' (**TOFA**) rules in Division 230. The TOFA provisions only apply to limited categories of taxpayers, and generally will *not* apply to:

- individuals;
- superannuation funds and managed investment schemes with assets worth less than \$100m; or
- other entities that have (i) aggregated turnover of less than \$100m, (ii) assets of less than \$300m, and (iii) financial assets of less than \$100m,

unless these entities make relevant elections that the TOFA rules apply to all of their financial arrangements.

The TOFA rules are complicated and the comments in this letter are necessarily general in nature. Investors who are subject to the TOFA rules should seek independent tax advice in relation to how the TOFA rules apply to their investment in the Notes.

If the TOFA rules do not apply to the Notes, the Notes will be taxed as 'traditional securities'.

2. Interest payments

(a) Australian residents

Interest payments in respect of the Notes should be included in the assessable income of Australian resident Investors. The timing of the inclusion of the interest payments in an Investor's assessable income will depend upon whether the Investor is subject to the TOFA rules.

(i) Investors not subject to TOFA

Investors who are not subject to TOFA should include interest payments in their assessable income in the income years in which those amounts are received.

(ii) Investors subject to TOFA

For Investors who are subject to TOFA, interest payments in respect of the Notes should be included in their assessable income on a compounding accruals basis over the period to which each interest payment relates, unless one of the elective methods applies to produce a different timing of recognition for the particular Investor.

(b) Non-residents

Where a non-resident Investor derives interest payments in the course of carrying on a business at or through a permanent establishment in Australia, those amounts will be included in that Investor's assessable income for Australian tax purposes in the same manner as described in part 2(a) above for Australian resident Investors.

Interest on Notes which is derived by non-residents who are not carrying on business at or through a permanent establishment in Australia (and by Australian residents carrying on business at or through a permanent establishment outside Australia) will, prima facie, be subject to interest withholding tax at the rate of 10% unless the interest payments qualify for exemption from Australian withholding tax under section 128F of the 1936 Act.

It is intended that the Notes will be issued in a manner that will satisfy the requirements for the Australian withholding tax exemption in section 128F of the 1936 Act. On that basis, interest payments to Investors who are non-residents (and who do not derive the interest in the course of carrying on a business at or through a permanent establishment in Australia) and to Australian residents carrying on business at or through a permanent establishment outside Australia, should not be subject to Australian withholding tax. Interest paid to non-residents in those circumstances would not be subject to any other Australian income tax. Interest paid to resident Investors in those circumstances would still be included in their assessable income as described in part 2(a) above.

If Westpac does become subject to an obligation to withhold tax in relation to interest payments on the Notes, Westpac would be required to pay Additional Amounts to those Investors (unless certain exceptions apply, including that the withholding is required because an Investor is an associate of Westpac).

3. Disposal or redemption of Notes

(a) Australian residents

(i) Investors not subject to TOFA

For Australian resident Investors who are not subject to the TOFA rules, the Notes will be taxed as 'traditional securities'.

Under the traditional security provisions, if the proceeds of the disposal or redemption of a Note exceed the cost of acquiring the Note, the difference will be assessable income of the Investor in the income year in which the disposal or redemption occurs. The amount of the assessable gain will effectively reduce any capital gain that will also arise for the Investor in these circumstances. Therefore, the Investor will not be entitled to apply

the capital gains tax ('CGT') discount in respect of the gain, or to offset any capital losses against the gain.

If the proceeds of the disposal or redemption are less than the Investor's cost for the Note, the difference will be deductible to the Investor in the income year in which the disposal or redemption occurs. However, such a loss will not be deductible if, broadly, the disposal or redemption occurs:

- otherwise than in the ordinary course of trading on a securities market; and
- because of a belief or apprehension that Westpac is unable or unwilling to discharge its liability to pay amounts under the Notes.

This may, for example, apply where a disposal of the Notes is taken to have occurred as a consequence of a termination of an Investor's rights under the Notes under clause 5.5 of the Conditions. In those circumstances, any loss arising to an Investor would be a capital loss which can be offset against other capital gains (but not ordinary income) derived by the Investor in that income year. A net capital loss may be carried forward to be offset against net capital gains realised in later income years.

For an Investor who acquires Notes under this Prospectus, the cost of a Note should be the issue price.

The proceeds of disposal will generally be the amount received by the Investor in respect of the disposal of the Notes. However, if the Notes are redeemed, any part of a redemption amount paid to Investors that is referable to accrued interest should not be taken into account in calculating any gain or loss on redemption, but should be included separately in the Investor's assessable income as described in part 2(a) above.

(ii) Investors subject to TOFA

Investors who are subject to TOFA will generally be required to recognise an assessable gain or deductible loss on disposal or redemption of the Notes under the TOFA balancing adjustment provisions. The broad effect of the balancing adjustment provisions should be to include an amount in assessable income or allow a deductible loss to the Investor reflecting the difference between the issue price paid by an Investor for the Notes and the consideration that the Investor receives on disposal or redemption of the Notes. However, a TOFA balancing adjustment loss will not be deductible if, broadly, the disposal or redemption of the Notes occurs:

- otherwise than in the course of trading on a securities market; and
- because of a belief or apprehension that Westpac is unable or unwilling to discharge its liability to pay amounts under the Notes.

This may, for example, apply where a disposal of the Notes is taken to have occurred as a consequence of a termination of an Investor's rights

under the Notes under clause 5.5 of the Terms. In those circumstances, any loss arising to an Investor would be a capital loss which can be offset against other capital gains (but not ordinary income) derived by the Investor in that income year. A net capital loss may be carried forward to be offset against net capital gains realised in later income years.

(b) Non-residents

A non-resident Investor who has never held their Notes as part of a business carried on at or through a permanent establishment in Australia will not be subject to Australian income tax on gains realised on the disposal or redemption of those Notes, provided such gains are not considered to have an Australian source. Even where such a gain is taken to have an Australian source, depending upon an Investor's particular circumstances, an Investor who is a resident of a country with which Australia has concluded a tax treaty may not be subject to Australian income tax on the gain.

The source of a gain on disposal of a security will depend upon all the particular facts and circumstances of the disposal and can be uncertain. A gain arising on the sale of a Note by a non-resident Investor where the Note is sold outside Australia and all negotiations are conducted and documentation executed outside Australia should generally not be regarded as having an Australian source.

However, the ATO has previously taken the (non-binding) view that gains arising from the sale of securities listed on the Australian Securities Exchange may have an Australian source on the basis that the contracts for the sale of the securities are made in Australia on behalf of the seller. Non-resident Investors should seek independent tax advice in respect of the source of any gain realised on a disposal or redemption of their Notes.

If a gain realised by a non-resident Investor is subject to Australian tax because it has an Australian source, it will be taxed as ordinary income and not as a capital gain under either the rules relating to traditional securities or, if applicable, the TOFA rules as discussed in part 3(a) above.

If the Notes are redeemed, any part of a redemption amount paid to a non-resident Investor that is referable to accrued interest should not be taken into account in calculating any gain or loss on redemption, but should be treated, for Australian tax purposes, in the manner described in part 2(b) above.

4. Conversion of Notes

(a) Australian residents

(i) Investors not subject to TOFA

If Notes are Converted into Ordinary Shares, no gain or loss should arise for income tax purposes under the traditional security provisions and the traditional security provisions will not have any ongoing application to the Ordinary Shares acquired on Conversion.

Any capital gain or loss arising on Conversion of the Notes should also be disregarded for CGT purposes.

Ordinary Shares acquired on a Conversion of Notes should be treated as having a cost base or reduced cost base for CGT purposes equal to the cost base of the Notes at the time of Conversion. For CGT purposes, the acquisition date of Ordinary Shares should be the time of Conversion. This is relevant in ascertaining an Investor's entitlement (if any) to the CGT discount in connection with a subsequent disposal of the Ordinary Shares.

(ii) Investors subject to TOFA

For Investors who are subject to TOFA, the Conversion of the Notes into Ordinary Shares generally does not give rise to a balancing adjustment event. The consequence of this is that no gain or loss should arise for income tax purposes on Conversion. However, Investors who are subject to TOFA should take their own independent tax advice because their own particular circumstances (including any elections they have made under the TOFA rules) may affect the application of those rules to them.

After Conversion of the Notes, the TOFA provisions should not apply to the Ordinary Shares unless certain TOFA elections have been made. The ongoing CGT consequences for an Investor holding Ordinary Shares are the same as those described above in part 4(a)(i).

(b) Non-residents

For non-residents of Australia who are not subject to TOFA, any gain or loss on Conversion of Notes will be disregarded for the purposes of the traditional security provisions and the CGT rules in the same manner as described for Australian residents who are not subject to the TOFA rules in part 4(a)(i) above. The comments made in part 4(a)(ii) above about the consequences of Conversion are also applicable to non-resident Investors who are subject to TOFA.

The cost base of Ordinary Shares for non-resident Investors will be calculated in the same way as described in part 4(a)(i) above. However, any capital gain or capital loss made by non-resident Investors from a subsequent disposal of Ordinary Shares is likely to be disregarded on the basis that Ordinary Shares are not likely to be 'taxable Australian property' at the time of the disposal. Non-resident Investors should seek their own taxation advice in relation to the operation of the Australian CGT rules.

5. Westpac SPS Holders: Reinvestment Offer or sale to Nominated Party

Eligible Westpac SPS Holders have the option to participate in the Reinvestment Offer. Under the Reinvestment Offer, Eligible Westpac SPS Holders may choose to sell all or some of their Westpac SPS on-market through the On-Market Buy-Back Facility for \$100 per Westpac SPS, with the proceeds of sale (excluding any Pro-Rata Distribution paid by Westpac on the Westpac SPS to the Reinvestment Offer participants) being applied to acquire Notes. For Westpac SPS holders who do not participate in the Reinvestment

Offer, it is intended that a Nominated Party will purchase their Westpac SPS for \$100 per Westpac SPS on 26 September 2013.

The Australian Taxation Office (**ATO**) considers each Westpac SPS to be a single asset comprised of a Note stapled to a Preference Share that is not a traditional security. On that basis, dealings with the Preference Share or the Note which are components of that single asset do not have tax consequences that should be analysed in isolation from the single asset of which they are treated as being components. The principal consequence of this approach is that an Assignment of a Note to Westpac (or another Assignee) following an Assignment Event should not give rise to separately calculated income or deductions.

The following income tax consequences will generally apply for Eligible Westpac SPS Holders who participate in the Reinvestment Offer, and other Westpac SPS holders who have their Westpac SPS purchased by the Nominated Party, who are Australian tax residents, hold their Westpac SPS as capital assets, are not in the business of dealing or trading in securities and do not otherwise hold their Westpac SPS on revenue account for tax purposes.

Eligible Westpac SPS Holders and other Westpac SPS holders may also wish to refer to Class Ruling CR 2008/56 which contains the ATO's binding views in respect of the tax treatment of certain entities who invested in their Westpac SPS under the prospectus for the Westpac SPS.

(a) Final distributions

An Eligible Westpac SPS Holder who elects to participate in the Reinvestment Offer will receive a Pro-Rata Distribution, calculated and paid up to 15 August 2013, on each Westpac SPS, subject to the payment conditions in the Westpac SPS terms being met.

A Westpac SPS holder who has their Westpac SPS purchased by the Nominated Party will also receive a Pro-Rata Distribution, calculated and paid up to 15 August 2013, and a Final Distribution on 26 September 2013 on each Westpac SPS, subject to the payment conditions in the Westpac SPS terms.

We are instructed that Westpac expects all of these distributions to be fully franked. These distributions will be subject to the same taxation treatment as other distributions paid on Westpac SPS. In particular, Australian resident Westpac SPS holders should include the amount of each distribution in their assessable income. In addition, if they are not companies and they satisfy the qualified person (related payments and holding period) rules, they should also include an amount equal to the franking credits attached to the distribution in their assessable income, in which case they should, qualify for a tax offset equal to the amount of those franking credits.

(b) CGT consequences

(i) Australian residents

A disposal of a Westpac SPS, either on-market pursuant to the Reinvestment Offer, or to the Nominated Party on 26 September 2013, will constitute a CGT event for a Westpac SPS holder.

Westpac SPS holders may make a capital gain or a capital loss depending on whether their capital proceeds from the disposal are more than their 'cost base' for the Westpac SPS, or whether the capital proceeds are less than their 'reduced cost base' of their Westpac SPS, respectively.

The first element of the cost base, or reduced cost base, of a Westpac SPS to a holder will be the amount paid for the Westpac SPS. Other amounts associated with the acquisition or disposal of the Westpac SPS, such as broker fees, may be added to the cost base.

On the basis that all of the on-market purchase price to be paid for the Westpac SPS will be debited to Westpac's share capital or non-share capital accounts and the market value of the Westpac SPS at the time of the purchase through the On-Market Buy-back Facility will not exceed the purchase price of \$100, the capital proceeds that will be received on the disposal of a Westpac SPS pursuant to the Reinvestment Offer will be the \$100 purchase price paid through the On-Market Buy-back Facility. The capital proceeds that will be received on a transfer to the Nominated Party will be \$100 per Westpac SPS.

Any capital gain (or capital loss) made by a Westpac SPS holder from the disposal of their Westpac SPS will be aggregated with other capital gains and capital losses in the relevant year of income to determine whether the Westpac SPS holder has a net capital gain or net capital loss. A net capital gain, if any, will be included in the Westpac SPS holder's assessable income and is subject to income tax, however the 'CGT Discount' may be available to reduce the taxable gain for the Westpac SPS holder, as described below. A net capital loss may not be deducted against other assessable income, but may be carried forward to be offset against net capital gains realised in later income years.

If a Westpac SPS holder is an individual, complying superannuation entity or a trust, and held their Westpac SPS for 12 months or more before the disposal, the Westpac SPS holder may be entitled to a 'CGT Discount' for any capital gain made on the disposal of their Westpac SPS. Westpac SPS holders should seek independent advice to determine if their Westpac SPS have been held for the requisite period.

The CGT Discount provisions may entitle Westpac SPS holders to reduce their capital gain on the disposal of a Westpac SPS (after deducting available capital losses) by half, in the case of individuals and trusts, or by one-third in the case of complying superannuation entities. However, trustees should seek specific advice regarding the tax consequences of making distributions attributable to discounted capital gains. The 'CGT Discount' is not available to companies.

(ii) **Non-residents**

Any capital gain or capital loss made by non-resident Westpac SPS holders is likely to be disregarded on the basis that Westpac SPS are not likely to be 'taxable Australian property' at the time of sale.

(iii) **Cost of Notes**

Where Notes are acquired by Eligible Westpac SPS Holders pursuant to the Reinvestment Offer, the proceeds from the sale of Westpac SPS on-market that are applied to acquire Notes will be included in the cost of the Notes for the purposes of determining any future gain or loss on the disposal, redemption or Conversion of the Notes – refer to parts 3 and 4 above.

6. **GST**

No GST should be payable by an Investor in respect of acquiring Notes or on sale, redemption or Conversion of Notes or the receipt of interest on the Notes.

7. **Stamp Duty**

No stamp duty will be payable by an Investor (including an Eligible Westpac SPS Holder who elects to acquire Notes pursuant to the Reinvestment Offer) on the acquisition, sale or redemption of Notes. In addition, no stamp duty will be payable on the Conversion of Notes and any Ordinary Shares issued to an Investor on Conversion so long as no Investor (on an associate-inclusive basis) will hold an interest (as respectively defined in the landholder stamp duty provisions of each Australian State and Territory) of 50% or more in Westpac (including in Ordinary Shares).

No stamp duty will be payable by a Westpac SPS holder on the sale of a Westpac SPS through the On-Market Buy-Back Facility or a transfer to the Nominated Party.

8. **Pay as you go withholding tax**

Westpac is required to deduct withholding tax from payments of interest at the rate specified in the *Taxation Administration Regulations 1976* (currently 46.5%), and remit such amounts to the ATO, unless a Tax File Number or an Australian Business Number has been quoted by an Investor, or a relevant exemption applies (and has been notified to Westpac). Where withholding is required, the Investor should be entitled to claim from the ATO a credit for the amount which Westpac withheld and remitted to the ATO. No Additional Amounts are payable to an Investor if withholding is required by Westpac because that Investor did not validly quote a Tax File Number or an Australian Business Number, or provide evidence of an applicable exemption.

On the basis that interest payments will be exempt from Australian interest withholding tax under section 128F, non-resident Investors who do not hold the Notes through a permanent establishment in Australia and who are not offshore associates of Westpac for the purposes of section 128F, should not be subject to withholding tax under these rules.

TAXATION LETTER

Westpac Banking Corporation

Allens < Linklaters

9. Not financial product advice

The information contained in this opinion does not constitute financial product advice for the purposes of the Corporations Act. The Allens partnership providing this opinion is not licensed, under the Corporations Act, to provide financial product advice. To the extent that this letter contains any information about a financial product within the meaning of the Corporations Act, taxation is only one of the matters that must be considered when making a decision about the relevant financial product. An Investor or prospective Investor should, before making any decision to invest in the Notes described above, consider taking financial advice from a person who holds an Australian Financial Services Licence under the Corporations Act.

Yours faithfully



ALLENS

8

SUMMARY OF IMPORTANT DOCUMENTS

This Section summarises important documents. It does not summarise the Conditions of Westpac Subordinated Notes II which are set out in full in Appendix B or the Deed Poll which can be obtained from www.westpac.com.au/investorcentre.

SUMMARY OF IMPORTANT DOCUMENTS

This is only a summary of important documents relating to the Offer. Westpac will provide a copy of certain important documents free of charge to any person who requests a copy during the Offer Period. For a list of those documents and how to get a copy – see Section 9.2.2.

8.1 OVERVIEW OF RIGHTS ATTACHING TO THE WESTPAC SUBORDINATED NOTES II

Rights attaching to the Notes are contained in the Conditions.

Some of the rights attaching to the Notes are linked with rights arising under other documents, for example, Notes may be Converted into Ordinary Shares upon the occurrence of a Non-Viability Trigger Event.

The rights attaching to Ordinary Shares are set out in Westpac's Constitution, the ASX Listing Rules and the Corporations Act.

For a summary of important rights attaching to the Ordinary Shares – see Section 8.2.

8.2 RIGHTS ATTACHING TO ORDINARY SHARES

Ordinary Shares may be issued to Holders by Westpac on Conversion following a Non-Viability Trigger Event. These Ordinary Shares will be issued as fully paid and will rank equally with all Ordinary Shares already on issue in all respects.

8.2.1 Transfers

Transfers of Ordinary Shares are not effective until registered. Subject to the ASX Listing Rules, Westpac may refuse to register a transfer of Ordinary Shares without giving any reasons. However, the ASX Listing Rules substantially restrict when Westpac may refuse to register a transfer.

Unless otherwise required by law, Westpac is not required to recognise any interest in Ordinary Shares apart from that of registered holders of Ordinary Shares.

Where two or more persons are registered as joint holders of Ordinary Shares, they are taken to hold the Ordinary Shares as joint tenants with rights of survivorship.

Westpac is not required to register more than three persons as joint holders of an Ordinary Share or issue more than one share certificate or holding statement for Ordinary Shares jointly held.

Restrictions apply in respect of persons who become entitled to Ordinary Shares by reason of the death, bankruptcy or mental incapacity of a holder of Ordinary Shares.

8.2.2 Profits and dividends

Holders of Ordinary Shares are entitled to receive such dividends on Ordinary Shares as may be determined by Westpac. Dividends determined by Westpac are payable to holders of Ordinary Shares in proportion to the amounts paid on the Ordinary Shares that they hold.

Dividends must only be paid in accordance with applicable laws and Westpac's Constitution. Westpac is restricted from paying dividends unless:

- Westpac's assets exceed its liabilities immediately before the dividend is declared and the excess is sufficient for the payment of the dividend;
- the payment of the dividend is fair and reasonable to Westpac's shareholders as a whole; and
- the payment of the dividend does not materially prejudice Westpac's ability to pay its creditors.

Additionally, dividends would not be payable if making such a payment would breach or cause a breach by Westpac of applicable capital adequacy or other supervisory requirements of APRA, or if Westpac was directed by APRA not to pay a dividend under the Banking Act.

Dividends that are paid, but not claimed, may be invested by the Westpac Directors for the benefit of Westpac until required to be dealt with under any law relating to unclaimed monies.

8.2.3 Winding-Up of Westpac

Subject to the preferential entitlement (if any) of preference shareholders, holders of Ordinary Shares are entitled to share equally in any surplus assets if Westpac is wound up.

8.2.4 Meetings and voting rights

Holders of Ordinary Shares are entitled to receive notice of, attend and vote at general meetings of Westpac. Each holder of an Ordinary Share present at a general meeting (whether in person or by proxy or representative) is entitled to one vote on a show of hands or, on a poll, one vote for each Ordinary Share held.

8.2.5 Issue of further Ordinary Shares

The Westpac Directors control the issue of Ordinary Shares. Subject to the Corporations Act, the Westpac Directors may issue further Ordinary Shares, and grant options and pre-emptive rights over Ordinary Shares, on terms as they think fit.

8.3 RIGHTS ATTACHING TO APPROVED SUCCESSOR SHARES

If Westpac is replaced as the ultimate holding company of the Westpac Group by an Approved Successor, and the Conditions are amended to enable substitution of the Approved Successor as debtor of the Notes and the issuer of ordinary shares on Conversion, Holders will be issued with Approved Successor Shares on Conversion (rather than Ordinary Shares). In order to be classified as an Approved Successor, the shares of the proposed successor holding company must be listed on an ASX or internationally recognised stock exchange – see Condition 11.2 (definition of “Approved Successor”). The Approved Successor will be obliged to use all reasonable endeavours to obtain quotation of the Approved Successor Shares issued under the Conditions on the stock exchanges on which the other Approved Successor Shares are quoted at the time of a Conversion – see Condition 10.4.

8.4 SUMMARY OF THE OFFER MANAGEMENT AGREEMENT

Westpac and the Joint Lead Managers entered into the Offer Management Agreement (“OMA”) on 10 July 2013. Under the OMA Westpac has appointed Westpac Institutional Bank, Deutsche Bank AG, Sydney Branch, Goldman Sachs Australia Pty Ltd, Macquarie Capital (Australia) Limited, Morgan Stanley Australia Securities Limited and UBS as the Joint Lead Managers and joint bookrunners for the Offer.

Under the OMA, the Joint Lead Managers agreed to conduct the Bookbuild before the Opening Date. In this process, Syndicate Brokers and Institutional Investors were invited to lodge bids for a number of Notes at various margins within an indicative margin range. Using those bids, Westpac and the Joint Lead Managers set the Margin and determined the firm Allocations to Syndicate Brokers and Institutional Investors. The Bookbuild was conducted on the terms and conditions in the OMA.

The OMA contains various representations and warranties, and imposes various obligations on Westpac, including representations, warranties and obligations to ensure that this Prospectus complies with the Corporations Act and ASX Listing Rules, and that Westpac is not in breach of any applicable law in any respect that is material to Westpac or the Offer.

The OMA provides that Westpac will not, without the Joint Lead Managers’ consent (not to be unreasonably withheld or delayed), allot, agree to allot or indicate in any way that it may or will allot or agree to allot any hybrid debt or preference security with Tier 1 or Tier 2 Capital status in the domestic market before the Issue Date, other than pursuant to the Offer and in certain other specified circumstances.

Westpac has agreed to indemnify the Joint Lead Managers (other than Westpac Institutional Bank) and parties affiliated with each against damages, losses, costs, expenses and liabilities in connection with the Offer, other than where these result from any fraud, recklessness, wilful misconduct or negligence of the indemnified parties.

SUMMARY OF IMPORTANT DOCUMENTS

8.4.1 Settlement support

Each Joint Lead Manager has agreed to provide settlement support for the number of Notes Allocated to Third Party Brokers and Co-Managers under the Bookbuild. Under the OMA, each Joint Lead Manager will pay to Westpac, or procure payment to Westpac of its Broker Firm Amount by the settlement date (21 August 2013). Each Joint Lead Manager is only responsible for ensuring that payment is made for Notes Allocated to them or at their direction, and for an equal share (with all other Joint Lead Managers excluding Westpac Institutional Bank) of any Co-Manager Amount and any Third Party Broker Amount. Westpac Institutional Bank need only pay, or procure payment, to Westpac of the proportion of its JLM Broker Firm Amount and the Institutional Amount that it actually receives from third party investors.

8.4.2 Fees

Under the OMA, Westpac will pay:

- UBS:
 - an arranging fee of up to \$1,000,000;
- UBS Securities Australia Ltd (as settlement agent):
 - a selling fee of 1.00% of the Third Party Broker Firm Amount; and
 - a selling fee of 1.00% of the Co-Manager Amount,

UBS Securities Australia Ltd is responsible for paying all fees payable to any Third Party Brokers and those Co-Managers appointed by the Joint Lead Managers and approved by Westpac;

- each Joint Lead Manager a selling fee of 1.00% of that Joint Lead Manager's JLM Broker Firm Amount (provided that Westpac Institutional Bank will only receive this fee in respect of the portion of its JLM Broker Firm Amount for which it has obtained payment and which is not allocated in respect of Institutional Investors);
- each Joint Lead Manager whose bid into the Bookbuild equals or exceeds a minimum threshold, a bookrunning fee of:
 - 0.25% of that Joint Lead Manager's JLM Broker Firm Amount; and

- an equal share (with all other Joint Lead Managers whose bid into the Bookbuild is equal to or exceeds a minimum threshold) of 0.25% of the sum of the Third Party Broker Firm Amount and the Co-Manager Amount; and
- Westpac Institutional Bank as Joint Lead Manager a selling fee of 0.25% of the proceeds raised from Institutional Investors through the Bookbuild for which it has obtained payment.

8.4.3 Termination

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

- a credit rating downgrade of Westpac;
- a specified fall in the All Ordinaries Index of ASX or the S&P/ASX 200;
- ASIC issues a stop order in relation to the Offer;
- ASX refuses to quote the Notes on ASX;
- certain breaches of the OMA;
- Westpac withdraws the Prospectus or the Offer;
- trading of Ordinary Shares is suspended for a certain period of time, or Ordinary Shares cease to be quoted on ASX; and
- unauthorised alterations to Westpac's Constitution.

Certain other termination events will only give rise to a right to terminate if the Joint Lead Manager has reasonable and bona fide grounds to believe (and does believe) that the event has or is likely to have a material adverse effect on the Offer or could give rise to a liability which is material to a Joint Lead Manager. If termination occurs, the Joint Lead Manager who terminates (or each Joint Lead Manager) will no longer be a lead manager or bookrunner and will not be obliged to conduct the Bookbuild or provide settlement support for the Bookbuild.

Under the OMA, if one Joint Lead Manager terminates, each other Joint Lead Manager 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).

9

ADDITIONAL INFORMATION

You should be aware of a number of other matters that may not have been addressed in detail elsewhere in this Prospectus.

ADDITIONAL INFORMATION

9.1 RESTRICTIONS ON OWNERSHIP FOR WESTPAC

The *Financial Sector (Shareholdings) Act 1988* (Cth) restricts the aggregate voting power of a person and their associates in an Australian bank to 15%. A shareholder may apply to the Treasurer of the Commonwealth of Australia to extend its stake beyond 15%. However, approval cannot be granted unless the Treasurer is satisfied that it is in the national interest to approve a holding of greater than 15%.

Acquisitions of interests in shares in Australian companies by foreign persons are subject to review and the issue of a statement of no objections by the Treasurer of the Commonwealth of Australia under the *Foreign Acquisitions and Takeovers Act 1975* (Cth) in certain circumstances. Potential investors should consult their professional advisers to determine whether the *Foreign Acquisitions and Takeovers Act 1975* (Cth) may affect their holding or ownership of Notes or Ordinary Shares.

9.2 INFORMATION, DISCLOSURE AND AVAILABILITY

9.2.1 Reporting and disclosure obligations

Westpac is a disclosing entity for the purposes of the Corporations Act and is subject to regular reporting and disclosure obligations under the Corporations Act and the ASX Listing Rules. These obligations require that Westpac prepare both yearly and half-yearly financial statements and a report on the operations of Westpac during the relevant accounting period together with an audit or review report by its auditor. Copies of these documents and other documents lodged with ASIC by Westpac may be obtained from, or inspected at, an ASIC office.

Westpac also has an obligation under the ASX Listing Rules to 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 unless exceptions from disclosure apply under ASX Listing Rules. ASX maintains records of company announcements for all companies listed on ASX. Westpac's announcements may be viewed on ASX's website (www.asx.com.au).

9.2.2 Accessing information about Westpac

Westpac will provide a copy of any of the following documents free of charge to any person who requests a copy during the Offer Period in relation to this Prospectus:

- the financial statements of Westpac for the year ended 30 September 2012 (being the most recent annual financial statements lodged with ASIC before the lodgement of this Prospectus);
- the interim financial report of Westpac for the half year ended 31 March 2013 (being the most recent interim financial statements lodged with ASIC before the lodgement of this Prospectus);
- any document or financial statement lodged by Westpac with ASIC or ASX under the continuous disclosure reporting requirements in the period after the lodgement of the interim financial report and before the lodgement of the Prospectus; and
- Westpac's Constitution.

Copies of the above documents may be obtained in person or in writing from Westpac at:

Westpac Group Secretariat
Level 20, Westpac Place
275 Kent Street
Sydney NSW 2000

9.3 CONSENTS

Each Westpac Director has given, and not withdrawn, his or her consent to the lodgement of this Prospectus with ASIC.

Each of the parties (referred to as "**Consenting Parties**"), who are named below:

- has not made any statement in this Prospectus or any statement on which a statement made in this Prospectus is based, other than as specified below;
- to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any statements or omissions from this Prospectus, other than the reference to its name and/or statement or report included in this Prospectus with the consent of that Consenting Party;
- has given and has not, before the lodgement of this Prospectus with ASIC, withdrawn its written consent to be named in this Prospectus in the form and context in which it is named;

- in the case of Allens, has given and has not, before the lodgement of this Prospectus with ASIC, withdrawn its written consent to the inclusion of the Taxation Letter in the form and context in which it appears in this Prospectus; and
- in the case of Pacific Custodians Pty Limited, has given and has not, before the lodgement of this Prospectus with ASIC, withdrawn its written consent to the inclusion of its Financial Services Guide in the form and context in which it appears in Appendix C to this Prospectus.

| Role | Consenting Parties |
|---|---|
| Arrangers | Westpac Institutional Bank UBS |
| Joint Lead Managers | Westpac Institutional Bank Deutsche Bank AG, Sydney Branch Goldman Sachs Australia Pty Ltd Macquarie Capital (Australia) Limited Morgan Stanley Australia Securities Limited UBS |
| Co-Managers | Bell Potter Securities Limited JBWere Limited |
| Legal adviser to the Offer | King & Wood Mallesons |
| Tax adviser to the Offer and legal and tax adviser to the Reinvestment Offer | Allens |
| Auditor | PricewaterhouseCoopers |
| Accounting adviser | PricewaterhouseCoopers Securities Ltd |
| Registrar | Link Market Services Limited |
| Online Manager | Westpac Online Investing acting through Westpac Securities Limited |
| On-Market Buying Broker | UBS |

| Role | Consenting Parties |
|--|---------------------------------------|
| On-Market Sale Agent | Pacific Custodians Pty Limited |
| Agent of the On-Market Sale Agent | Deutsche Securities Australia Limited |
| Settlement agent | UBS Securities Australia Ltd |

9.4 INTERESTS OF ADVISERS

UBS has acted as an arranger and a Joint Lead Manager, in respect of which it will receive the fees set out in Section 8.4.2. Westpac Institutional Bank has also acted as an arranger and a Joint Lead Manager. The Joint Lead Managers will receive fees, as also set out in Section 8.4.2.

King & Wood Mallesons has acted as legal adviser to Westpac in relation to the Offer and has performed work in relation to preparing the due diligence and verification program, and performed due diligence required on legal matters. In respect of this work, Westpac estimates that it will pay to King & Wood Mallesons approximately \$670,000 (excluding disbursements and GST). Further amounts in relation to the Offer may be paid to King & Wood Mallesons under its normal time-based charges.

Allens has acted as tax adviser to Westpac in relation to the Offer and as legal and tax adviser to Westpac in relation to the Reinvestment Offer and has performed due diligence required on taxation matters, and has prepared the Taxation Letter included in Section 7. In respect of this work, Westpac estimates that it will pay to Allens approximately \$170,000 (excluding disbursements and GST). Further amounts in relation to the Offer (including the Reinvestment Offer) may be paid to Allens under its normal time-based charges.

PricewaterhouseCoopers Securities Ltd has acted as the accounting adviser to Westpac. Westpac estimates that it will pay approximately \$65,000 (excluding disbursements and GST) to PricewaterhouseCoopers Securities Ltd. Further amounts in relation to the Offer may be paid to PricewaterhouseCoopers Securities Ltd under its normal time-based charges.

ADDITIONAL INFORMATION

Other than as set out in this Prospectus:

- no person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus; and
- no promoter or underwriter of the Offer or financial services licensee named in this Prospectus as a financial services licensee involved in the Offer, holds at the date of this Prospectus, or has held in the two years before that date, an interest in:
 - the formation or promotion of Westpac;
 - the Offer; or
 - any property acquired or proposed to be acquired by Westpac in connection with its formation or promotion or with the Offer.

Other than as set out in this Prospectus, no such person has been paid or agreed to be paid any amount, nor has any benefit been given or agreed to be given to any such persons for services provided by them, in connection with the formation or promotion of Westpac or with the Offer.

As set out in Section 8.4.2, under the terms of the OMA, Westpac may pay selling fees in relation to Third Party Brokers and those Co-Managers appointed by the Joint Lead Managers and approved by Westpac. Upon receipt of these fees from Westpac, UBS Securities Australia Ltd is responsible for paying these fees to such Third Party Brokers and those Co-Managers on behalf of Westpac.

Under the OMA, Joint Lead Managers may pay selling fees on behalf of Westpac to Australian financial services licensees or representatives of Australian financial services licensees (“**Brokers**”) in certain circumstances, including where Notes were allocated to a Broker for allocation to another person. Under the OMA, the amount of the fee payable to those Brokers may not exceed 1.00% of the amount which is equal to the number of Notes which are allocated to the relevant Broker multiplied by \$100.

Brokers may in turn rebate fees to other Brokers. The amount of the fee paid to such other Broker by the first Broker may not exceed 1.00% of the amount which is equal to the number of Notes which are allocated to such other Broker multiplied by \$100.

9.5 INTERESTS OF WESTPAC DIRECTORS

The Westpac Directors’ interests in Ordinary Shares as at 15 July 2013 are detailed in the following table:

| Westpac Director | Ordinary Shares |
|------------------|--------------------|
| Lindsay Maxsted | 16,654 |
| Gail Kelly | 1,876,588 |
| John Curtis | 18,287 |
| Elizabeth Bryan | 25,353 |
| Gordon Cairns | 17,038 |
| Robert Elstone | 10,000 |
| Peter Hawkins | 15,218 |
| Ann Pickard | 9,800 ¹ |
| Ewen Crouch | 34,374 |
| Peter Marriott | 20,000 |

The Westpac Directors and their associates may acquire Notes offered under this Prospectus subject to the ASX Listing Rules, including any waivers described in Section 9.8.

Other than as set out above, no Westpac Director holds, at the date of this Prospectus, or has held in the two years before that date, an interest in:

- the formation or promotion of Westpac;
- the Offer; or
- any property acquired or proposed to be acquired by Westpac in connection with its formation or promotion or with the Offer.

No Westpac Director has been paid or agreed to be paid any amount (whether in cash or in shares or otherwise), nor has any benefit been given or agreed to be given to any Westpac Director to induce them to become or qualify them as a Westpac Director, or for services provided by them in connection with the formation or promotion of Westpac or with the Offer.

9.6 WESTPAC LEGAL PROCEEDINGS

Contingent liabilities exist in respect of actual and potential claims and proceedings. An assessment of Westpac’s likely loss has been made on

1. Ann Pickard’s interests arise through holding 1,960 Westpac American Depository Shares (ADS). One ADS is comprised of five Westpac fully paid ordinary shares.

a case-by-case basis for the purposes of Westpac's 31 March 2013 interim financial report and specific provisions have been made where appropriate. Refer to Note 9 to Westpac's 2013 interim financial report for further details.

9.7 ASIC RELIEF

ASIC relief has been obtained to enable Westpac to issue a "transaction-specific" prospectus which complies with section 713 of the Corporations Act in relation to the Offer.

ASIC relief has also been obtained in relation to sections 601QA(1), 911A(2)(1) and 1020F(1)(a) of the Corporations Act in relation to the On-Market Buy-Back Facility, and confirmation has been obtained that to the extent Westpac invites a holder of a Westpac SPS to make an offer to sell their Westpac SPS through the On-Market Buy-Back Facility, Westpac does not need to comply with Division 5A of Part 7.9 of the Corporations Act. This relief also applies to each of the On-Market Sale Agent, the On-Market Buying Broker, UBS Securities Australia Limited, the Registrar and Deutsche Securities Australia Limited.

ASIC has issued a no-action letter covering certain prohibitions under part 7.7A of the Corporations Act in relation to the payment or rebate of commissions and other fees under the Offer.

9.8 ASX WAIVERS AND CONFIRMATIONS

Westpac has received the following ASX waivers or confirmations in relation to the Conditions and the Offer:

- Listing Rule 10.11 has been waived to the extent necessary to permit the Westpac Directors and their associates to participate in the Offer and be issued Notes without shareholder approval on the following conditions:
 - the number of Notes which may be issued to Westpac Directors and their associates collectively is no more than 0.2% of the total number of Notes issued under the Offer, and the participation of the Westpac Directors and their associates in the Offer is on the same terms and conditions as applicable to other subscribers for Notes;

- Westpac releases the terms of the waiver to the market when the Offer is announced; and
- when the Notes are issued, Westpac announces to the market the total number of Notes issued to Westpac Directors and their associates in aggregate under the Offer;
- the Conditions are appropriate and equitable for the purposes of Listing Rule 6.1;
- ASX considers the Notes to be equity securities for the purposes of the Listing Rules;
- Listing Rule 6.12 does not apply to the terms of issue of the Notes which provide for their Redemption or Conversion;
- for the purposes of Listing Rule 7.1, ASX considers that it is acceptable that the maximum number of Ordinary Shares into which the Notes can be converted in accordance with Listing Rule 7.1B.1(c) will be calculated based on the market price of Ordinary Shares as at the close of trade on the trading day prior to the date of issue of this Prospectus;
- that the issue of Ordinary Shares on Conversion of the Notes will be within exemption 4 of Listing Rule 7.2;
- that Listing Rule 3.20.2 does not apply to the Conversion of Notes following a Non-Viability Trigger Event; and
- that the timetable for the Offer is acceptable.

ASX has provided certain confirmations in relation to the On-Market Sale Agent's use of CHESSE message functionality in connection with the On-Market Buy-Back Facility.

ASX has also agreed to allow Notes to trade on a deferred settlement basis for a short time following the issue of the Notes (subject to certain conditions).

Westpac has received the following ASX confirmations in relation to Westpac SPS and the Reinvestment Offer:

- that the amendments to the terms of Westpac SPS described in Section 3.4.1 are appropriate and equitable for the purposes of Listing Rule 6.1;
- that the Pro-Rata Distribution is permitted under Listing Rule 6.10; and
- that the timetable for the Reinvestment Offer is acceptable.

ADDITIONAL INFORMATION

9.9 FOREIGN SELLING RESTRICTIONS

9.9.1 Other foreign jurisdictions

The distribution of this Prospectus (including an electronic copy) in jurisdictions outside Australia may be restricted by law. If you come into possession of this Prospectus in jurisdictions outside Australia, then you should seek advice on, and observe, any such restrictions. If you fail to comply with such restrictions, that failure may constitute a violation of applicable securities laws.

This Prospectus does not constitute an offer in any jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer. No action has been taken to register or qualify the Notes or the Offer or to otherwise permit a public offering of Notes in any jurisdiction outside Australia.

9.9.2 United States

The 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. Neither this Prospectus 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 Notes (i) as part of their distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the Offer and the 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, distributor or other relevant parties to which Notes are allocated during the Distribution Compliance Period, a confirmation or other notice setting forth the restrictions on offers, sales and deliveries of the 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 Notes within the United States by any dealer that is not participating in the Offer may violate the registration requirements of the US Securities Act.

Each of the Joint Lead Managers has agreed that (i) neither it, its affiliates nor any persons acting on its or their behalf have engaged or will engage in any directed selling efforts within the meaning of Rule 902 under the US Securities Act with respect to the Notes, and it and they have complied with and will comply with the offering restrictions requirement of Regulation S under the US Securities Act and (ii) it has not entered into and will not enter into any contractual arrangement with respect to the distribution of the Notes, unless such person has agreed in writing that all offers and sales of the Notes within the Distribution Compliance Period shall be made only in accordance with Regulation S and other relevant requirements.

9.9.3 New Zealand

This Prospectus has not been and will not be registered in New Zealand. Notes may not be offered or sold directly or indirectly in New Zealand, other than:

- to persons whose principal business is the investment of money;
- to persons who in the course of and for the purposes of their business habitually invest money; or
- 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).

9.9.4 Hong Kong

The 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) 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) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance. No advertisement, invitation, other offering material or other document relating to the 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 the 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.

9.9.5 Singapore

This Prospectus and any other documents or materials relating to the Offer have not been, and will not be, registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this Prospectus and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, may not be circulated or distributed, nor may the 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:

- to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore, as amended (the “SFA”);
- 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; or
- otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

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

- 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
- 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 Notes pursuant to an offer made under Section 275 of the SFA except:

- to an institutional investor (under Section 274 of the SFA) or a relevant person (as defined in Section 275(2) of the SFA) and in accordance with the conditions specified in Section 275 of the SFA;

- (in the case of a corporation) where the transfer arises from an offer referred to in Section 276(3)(i) (B) of the SFA or (in the case of a trust) where the transfer arises from an offer referred to in Section 276(4)(i)(B) of the SFA;
- where no consideration is, or will be, given for the transfer;
- where the transfer is by operation of law;
- as specified in Section 276(7) of the SFA; or
- as specified in required in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

9.10 ACKNOWLEDGEMENT AND PRIVACY STATEMENT

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

Applicants will be asked to provide personal information to Westpac (directly or via its agents). Westpac (and its agents on its behalf) collects, holds and uses that personal information in order to process your Application, service your needs as a Holder (and, following Conversion, if applicable, your holding of Ordinary Shares), provide facilities and services that Applicants request, and carry out appropriate administration.

Company and tax 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 the Westpac Group and to Westpac’s 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 by Westpac to domestic and overseas regulators or other government agencies (including ASIC and the ATO), or provided as required or allowed by any law relating to taxation, money laundering or counter-terrorism.

ADDITIONAL INFORMATION

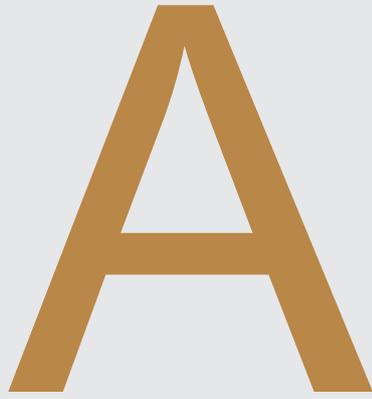
By submitting an Application Form or an online Application, you consent to your information being disclosed to the persons described above, in the manner set out in this Section 9.10.

Under the Privacy Act 1988 (Cth), an Applicant may request access to their personal information held by (or on behalf of) Westpac. An Applicant can request access to their personal information by telephoning or writing to the privacy officer of the Registrar.

More information about the way Westpac handles personal information is in the Westpac privacy policy, a copy of which can be obtained by visiting **www.westpac.com.au**.

9.11 GOVERNING LAW

This Prospectus and the contracts that arise from the acceptance of Applications are governed by the law applicable in New South Wales, Australia and each Applicant submits to the exclusive jurisdiction of the courts of New South Wales, Australia.



APPENDIX A GLOSSARY

The following is a glossary of terms used in this Prospectus. There is also a list of defined terms in Condition 11.2.

APPENDIX A

GLOSSARY

Defined terms in this glossary and in Condition 11.2 are used throughout this Prospectus and the attached, or accompanying, Application Forms.

| | |
|---|---|
| ABN | Australian Business Number |
| Additional Amount | has the meaning specified in Condition 9.2 |
| Additional Tier 1 Capital | Additional Tier 1 Capital as described by APRA from time to time |
| ADI | authorised deposit-taking institution |
| Administrative Action | any judicial decision, official administrative pronouncement or action, published or private ruling, interpretative decision, regulatory procedure or policy, application of a regulatory procedure or policy and any notice or announcement (including any notice or announcement of intent to adopt or make any of those things) |
| AFSL | Australian Financial Services Licence |
| Allocation | the number of Notes allocated under the Offer to: <ul style="list-style-type: none"> • Eligible Westpac SPS Holders and Eligible Securityholders at the end of the Offer Period; and • Syndicate Brokers and Institutional Investors under the Bookbuild Allocate and Allocated have the corresponding meanings |
| Allotment | the issue of Notes to Applicants on the Issue Date in accordance with their Allocation Allot and Allotted have the corresponding meanings |
| Applicant | a person who submits an Application in accordance with the Prospectus |
| Application | a valid application and/or election to reinvest Westpac SPS made under this Prospectus by using the relevant Application Form to apply for a specified number of Notes and/or reinvest Westpac SPS |
| Application Form | the application form (being the Reinvestment Form, the Securityholder Application Form or the Broker Firm Application Form) attached to or accompanying this Prospectus, or an online version of such form, upon which an Application may be made |
| Application Payment | the monies payable on Application, calculated as the number of Notes applied for multiplied by the Issue Price |
| APRA | Australian Prudential Regulation Authority |
| Approved Successor | has the meaning given in Condition 11.2 |
| Approved Successor Share | a fully paid ordinary share in the capital of the Approved Successor |
| ASIC | Australian Securities and Investments Commission |
| ASX | ASX Limited (ABN 98 008 624 691) or the securities market operated by ASX Limited, as the context requires |
| ASX Listing Rules or Listing Rules | the listing rules of ASX from time to time with any modifications or waivers in their application to Westpac, which ASX may grant |
| ASX Market Rules | the operating rules of ASX from time to time |
| ATO | Australian Taxation Office |

| | |
|---|---|
| Bank Bill Rate | has the meaning given in Condition 11.2 |
| Banking Act | the <i>Banking Act 1959</i> (Cth) |
| BCBS | Basel Committee on Banking Supervision |
| Bookbuild | the process conducted by the Joint Lead Managers as agents for Westpac to determine the Margin and firm Allocations of the Notes to certain Syndicate Brokers and Institutional Investors |
| Broker Firm Applicant | a client of a Syndicate Broker (including an Eligible Westpac SPS Holder) who applies for a broker firm Allocation from a Syndicate Broker under the Broker Firm Offer |
| Broker Firm Application Form | the Application Form attached to or accompanying this Prospectus upon which a Broker Firm Applicant can make an Application |
| Broker Firm Offer | the invitation made to Broker Firm Applicants, to apply for a broker firm Allocation and/or, in the case of Eligible Westpac SPS Holders, to apply to participate in the Reinvestment Offer, through the relevant Syndicate Broker under this Prospectus |
| Business Day | a business day as defined in the ASX Listing Rules |
| Capital Securities | Ordinary Shares or any equity, hybrid or subordinated debt capital security (whether comprised of one or more instruments) issued by Westpac excluding the Notes |
| CHESS | Clearing House Electronic Subregister System operated by ASX Settlement Pty Limited (ABN 49 008 504 532) |
| Closing Date | the last day on which Applications will be accepted, expected to be ¹ : <ul style="list-style-type: none"> • 5.00pm (Sydney time) on 9 August 2013 for the Reinvestment Offer; and • 5.00pm (Sydney time) on 13 August 2013 for the Securityholder Offer and the Broker Firm Offer |
| Co-Manager | any co-manager appointed to the Offer by the Joint Lead Managers and approved by Westpac |
| Co-Manager Amount | the Allocation to any Co-Managers multiplied by the Face Value |
| Common Equity Tier 1 Capital | Common Equity Tier 1 Capital as described by APRA from time to time |
| Common Equity Tier 1 Capital Ratio | Common Equity Tier 1 Capital ratio as described by APRA from time to time |
| Conditions | the terms and conditions of Westpac Subordinated Notes II contained in Appendix B and references to a particular numbered Condition shall be construed accordingly |
| Consenting Party | each of the consenting parties named in Section 9.3 |
| Conversion | the conversion of all or some Notes (or a percentage of each Note) into Ordinary Shares of Westpac in accordance with the Conditions Convert and Converted shall have the corresponding meanings |
| Conversion Date | the applicable Non-Viability Trigger Event Date |

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

APPENDIX A

GLOSSARY

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| Conversion Number | has the meaning given in Condition 6.1(a) |
| Corporations Act | the <i>Corporations Act 2001</i> (Cth) |
| Deed Poll | the deed poll entitled “Westpac Subordinated Notes II Deed Poll” executed by Westpac and dated 10 July 2013 |
| Eligible Securityholder | a registered holder of Ordinary Shares, Westpac TPS, Westpac SPS II, Westpac CPS, Westpac Subordinated Notes 2012 or Westpac Capital Notes at 7.00pm (Sydney time) on 1 July 2013 and shown on the Register as having an address in Australia |
| Eligible Westpac SPS Holder | a registered holder of Westpac SPS at 7.00pm (Sydney time) on the Reinvestment Offer Record Date and shown on the Register as having an address in Australia |
| Equal Ranking Instruments | has the meaning given in Condition 11.2 |
| Exposure Period | the 7 day period commencing on the day after the Original Prospectus was lodged with ASIC |
| Event of Default | has the meaning given in Condition 7.1 |
| Face Value | the principal amount of a Note and, as applicable, either: <ul style="list-style-type: none"> • being \$100 per Note; or • if the principal amount has, from time to time, been Converted or Written-off as described in, and in accordance with, Conditions 5 and 6, the principal amount as reduced by such Conversion or Write-off |
| FATCA | has the meaning given in Condition 11.2 |
| Final Distribution | in respect of Westpac SPS, means the distribution to be paid to a Non-Participating Westpac SPS Holder in respect of their Non-Participating Westpac SPS for the period from (but excluding) 22 August 2013 to (and including) 26 September 2013 on the Initial Mandatory Conversion Date, provided such Non-Participating SPS Holder is a registered holder of Westpac SPS at 7.00pm (Sydney time) on 18 September 2013 |
| Financial Claims Scheme | the financial claims scheme established under the Banking Act |
| Foreign Holder | has the meaning given in Condition 11.2 |
| GST | Goods and Services Tax |
| HIN | holder identification number |
| Holder | a registered holder of Notes, and as defined in more detail in Condition 11.2 |
| Holding Statement | a statement issued to Holders by the Registrar which sets out details of Notes allotted to them under the Offer |
| Ineligible Holder | has the meaning given in Condition 11.2 |
| Initial Mandatory Conversion Date | in respect of Westpac SPS, 26 September 2013 |
| Institutional Amount | the Allocation to Institutional Investors multiplied by the Face Value |

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| Institutional Investor | an investor to whom offers of securities can be made without the need for a Prospectus (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 Prospectus under Chapter 6D of the Corporations Act |
| Institutional Offer | the invitation by Westpac Institutional Bank to Institutional Investors to bid for Notes in the Bookbuild |
| Interest | interest on the Face Value of each Note as set out in Condition 3.1 |
| Interest Payment Date | each date specified in Condition 3.2 |
| Interest Period | has the meaning given in Condition 3.3 |
| Interest Rate | is the rate specified in Condition 3.1 |
| Issue Date | the date on which the Notes are issued, expected to be 22 August 2013 |
| Issue Date VWAP | the VWAP during the period of 20 Business Days on which trading in Ordinary Shares took place immediately preceding but not including the Issue Date, as adjusted in accordance with Condition 6 |
| Issue Price | the initial Face Value of a Note, being \$100 |
| JLM Broker Firm Amount | for each Joint Lead Manager, the Face Value multiplied by the Allocation to that Joint Lead Manager |
| Joint Lead Managers | Westpac Institutional Bank, Deutsche Bank AG, Sydney Branch (ABN 13 064 165 162, AFSL No. 238153), Goldman Sachs Australia Pty Ltd (ABN 21 006 797 897, AFSL No. 243346), Macquarie Capital (Australia) Limited (ABN 79 123 199 548, AFSL No. 314416), Morgan Stanley Australia Securities Limited (ABN 55 078 652 276, AFSL No. 233741) and UBS AG, Australia Branch (ABN 47 088 129 613, AFSL No. 231087) |
| Junior Ranking Capital Instruments | has the meaning given in Condition 11.2 |
| Level 1 and Level 2 | those terms as defined by APRA from time to time |
| Margin | 2.30% per annum |
| Maturity Date | 22 August 2023 |
| Maximum Conversion Number | has the meaning given in Condition 6.1(a) |
| Nominated Party | the nominated party identified in a transfer notice given under Clause 5.1 of the Westpac SPS terms in respect of all Non-Participating Westpac SPS |

APPENDIX A

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| Non-Participating Westpac SPS | Westpac SPS which are not reinvested in Notes under the Reinvestment Offer, whether because: <ul style="list-style-type: none"> • an Eligible Westpac SPS Holder chose not to participate in the Reinvestment Offer; or • an Eligible Westpac SPS Holder elected to participate in the Reinvestment Offer but in respect of only some of his or her Westpac SPS; or • a holder of Westpac SPS on the Reinvestment Offer Record Date does not meet the eligibility criteria to qualify as an Eligible Westpac SPS Holder and therefore cannot choose to participate in the Reinvestment Offer; or • an Eligible Westpac SPS Holder elected to participate in the Reinvestment Offer but either (a) did not receive an Allocation or (b) had his or her Allocation scaled back |
| Non-Participating Westpac SPS Holder | a holder of Non-Participating Westpac SPS |
| Non-Viability Trigger Event | occurs when APRA notifies Westpac in writing that it believes: <ul style="list-style-type: none"> • Conversion of all or some of the Notes, or conversion or write down of capital instruments of the Westpac Group is necessary because, without it, Westpac would become non-viable; or • a public sector injection of capital, or equivalent support, is necessary because, without it, Westpac would become non-viable |
| Non-Viability Trigger Event Date | has the meaning given in Condition 5.3(c) |
| Offer | the offer of the Notes under this Prospectus at an initial Face Value of \$100 per Note to raise approximately \$850 million with the ability to raise more or less, and which comprises the Reinvestment Offer, the Securityholder Offer, the Broker Firm Offer and the Institutional Offer |
| Offer Period | the period from the Opening Date to the relevant Closing Date ¹ |
| OMA or Offer Management Agreement | the Offer Management Agreement entered into between Westpac and the Joint Lead Managers as summarised in Section 8.4 |
| Online Manager | Westpac Online Investing acting through Westpac Securities Limited (ABN 39 087 924 221, AFSL No. 233723), a service provided by Australian Investment Exchange Ltd (ABN 71 076 515 930, AFSL No. 241400), a participant of ASX |
| On-Market Buy-Back Date | 19 August 2013 |
| On-Market Buy-Back Facility | the facility through which Eligible Westpac SPS Holders sell all or some of their Westpac SPS on the On-Market Buy-Back Date |
| On-Market Buying Broker | UBS AG, Australia Branch (ABN 47 088 129 613, AFSL No. 231087) |
| On-Market Sale Agent | Pacific Custodians Pty Limited (ABN 66 009 682 866, AFSL No. 295142) |
| Opening Date | the day the Offer opens, being 18 July 2013 |

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

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| Optional Redemption Date | 22 August 2018 and each Interest Payment Date thereafter |
| Ordinary Share | a fully paid ordinary share in the capital of Westpac |
| Original Prospectus | the Prospectus dated 10 July 2013 and lodged with ASIC on that date, which this Prospectus replaces |
| Pro-Rata Distribution | in respect of Westpac SPS, means the distribution to be paid to a holder of Westpac SPS for the period from (but excluding) 30 June 2013 to (and including) 22 August 2013 on 29 August 2013, provided such holder is a registered holder of Westpac SPS at 7.00pm (Sydney time) on 21 August 2013 |
| Prospectus | this document (including the electronic form of this Prospectus), and any supplementary or replacement Prospectus in relation to the Offer |
| Prudential Standards | has the meaning given in Condition 11.2 |
| Record Date | in the case of: <ul style="list-style-type: none"> the payment 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 the payment of the Face Value of the Note upon a Redemption, a date determined by Westpac and notified to ASX (or such other date as may be prescribed by ASX) |
| Redemption | the redemption of all or some of the Notes for their Face Value under the Conditions Redeem, Redeemable and Redeemed have corresponding meanings |
| Register | the official register of Ordinary Shares, Notes (if issued), Westpac SPS, Westpac SPS II, Westpac CPS, Westpac Subordinated Notes 2012 or Westpac Capital Notes, as applicable, maintained by Westpac, 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 | Link Market Services Limited (ABN 54 083 214 537) or any other registrar that Westpac appoints to maintain a register of its securities |
| Regulatory Event | has the meaning given in Condition 11.2 |
| Reinvested Westpac SPS | Westpac SPS held by an Eligible Westpac SPS Holder that are reinvested in Notes under the terms of the Reinvestment Offer |
| Reinvestment Form | the personalised Application Form accompanying this Prospectus, or an online version of the form, upon which an application to participate in the Reinvestment Offer and for additional Notes may be made |
| Reinvestment Offer | the priority offer to Eligible Westpac SPS Holders to sell all or some of their Westpac SPS through the On-Market Buy-Back Facility and reinvest the sale proceeds in Notes as described in Section 3 of this Prospectus, and the invitation to Eligible Westpac SPS Holders to apply for additional Notes |

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| Reinvestment Offer Record Date | 7.00pm (Sydney time) on 1 July 2013 |
| Relevant Capital Security | has the meaning given in Condition 11.2 |
| Relevant Tier 1 Security | has the meaning given in Condition 11.2 |
| Relevant Tier 2 Security | has the meaning given in Condition 11.2 |
| Risk Weighted Assets | risk weighted assets as defined by APRA |
| Sale and Transfer Agent | has the meaning given in Condition 11.2 |
| Securityholder Application Form | the personalised Application Form accompanying this Prospectus (or an online version of such a form) upon which an Eligible Securityholder can make an Application |
| Securityholder Offer | the invitation to Eligible Securityholders to apply for Notes under this Prospectus |
| Senior Creditors | has the meaning given in Condition 11.2 |
| Solvency Condition | has the meaning set out in Condition 2.3 |
| Solvent | has the meaning given in Condition 11.2 |
| Solvent Reconstruction | a scheme of amalgamation or reconstruction, not involving a bankruptcy or insolvency, where the obligations of Westpac in relation to the outstanding 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 |
| SRN | security holder reference number |
| Sydney time | time in Sydney, New South Wales, Australia |
| Syndicate Broker | any of the Joint Lead Managers (or their affiliated retail brokers) or Co-Managers or Third Party Brokers and any other participating broker in the Offer |
| Tax Event | has the meaning given in Condition 11.2 |
| Tax Legislation | has the meaning given in Condition 11.2 |
| Taxation Letter | the taxation letter from Allens dated 18 July 2013 in Section 7 |
| TFN | Tax File Number |
| Third Party Broker | any third party brokers appointed to the Offer by the Joint Lead Managers and approved by Westpac |
| Third Party Broker Amount | the Allocation to any Third Party Brokers multiplied by the Face Value |
| Tier 1 Capital | Tier 1 Capital as described by APRA from time to time |
| Tier 1 Capital Ratio | Tier 1 Capital ratio as described by APRA from time to time |
| Tier 2 Capital | Tier 2 Capital as described by APRA from time to time |
| Total Capital | Total Capital as described by APRA from time to time |
| TPS 2003 | 750,000 trust preferred securities issued by Westpac Capital Trust III at US\$1,000 each under the Offering Memorandum dated 6 August 2003 |

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| TPS 2004 | 525,000 trust preferred securities issued by Westpac Capital Trust IV at US\$1,000 each under the Offering Memorandum dated 31 March 2004 |
| UBS | UBS AG, Australia Branch (ABN 47 088 129 613, AFSL No. 231087) |
| US Person | has the meaning given in Regulation S of the US Securities Act |
| US Securities Act | United States Securities Act of 1933, as amended |
| VWAP | subject to any adjustments under Conditions 6.3 and 6.4, the average of the daily volume weighted average sale prices (rounded to the nearest full cent) of Ordinary Shares sold on ASX during the relevant period or on the relevant days but does not include any “crossing” transacted outside the “Open Session State” or any “special crossing” transacted at any time, each as defined in the ASX Market Rules or any overseas trades or trades pursuant to the exercise of options over Ordinary Shares |
| VWAP Period | has the meaning given in Condition 11.2 |
| Westpac | Westpac Banking Corporation (ABN 33 007 457 141, AFSL No. 233714) |
| Westpac’s Constitution | the constitution of Westpac |
| Westpac Capital Notes | the 13,835,690 fully paid, non-cumulative, convertible, transferable, redeemable, subordinated, perpetual, unsecured notes issued by Westpac under a prospectus dated 7 February 2013 |
| Westpac CPS | the 11,893,605 Convertible Preference Shares issued by Westpac under a prospectus dated 24 February 2012 |
| Westpac Directors | some or all of the directors of Westpac acting as a board |
| Westpac Group | Westpac and its controlled entities |
| Westpac Institutional Bank | Westpac Institutional Bank, a division of Westpac |
| Westpac Perpetual Capital Notes | the Perpetual Capital Floating Rates Notes issued by Westpac on 30 September 1986, of which US\$352,050,000 are expected to remain outstanding on the Issue Date |
| Westpac SPS | the 10,362,670 Westpac Stapled Preferred Securities issued by Westpac under a prospectus dated 26 June 2008 |
| Westpac SPS II | the 9,083,278 Westpac Stapled Preferred Securities issued by Westpac under a prospectus dated 2 March 2009 |
| Westpac Subordinated Notes II or Notes | are fully paid, redeemable, subordinated, unsecured and registered debt obligations issued by Westpac under the Offer in accordance with the Conditions |
| Westpac Subordinated Notes 2012 | the 16,762,190 Westpac Subordinated Notes issued by Westpac under an information memorandum dated 23 July 2012 and designated as Westpac Subordinated Notes |
| Westpac TPS | the 7,627,375 Westpac Trust Preferred Securities issued under a product disclosure statement dated 19 May 2006 |

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| Winding-Up | <ul style="list-style-type: none">• a court order is made for the winding-up of Westpac; or• an effective resolution is passed by shareholders or members for the winding-up of Westpac, other than in connection with a Solvent Reconstruction |
| Written-off | has the meaning given in Condition 11.2 |

B

APPENDIX B CONDITIONS

APPENDIX B

CONDITIONS

1 CONSTITUTION

1.1 Deed Poll, Register and Face Value

The Notes:

- a. are fully paid, redeemable, subordinated, unsecured and registered debt obligations of Westpac;
- b. are designated as being of a particular series as set out in the Prospectus;
- c. rank equally among themselves and are subordinated to the claims of Senior Creditors of Westpac;
- d. are constituted by, owing under, and subject to the Deed Poll;
- e. take the form of entries in the Register; and
- f. are denominated in Australian dollars and issued with a Face Value of A\$100 per Note.

1.2 Register conclusive

Entries in the Register constitute conclusive evidence that the person so entered is the Holder of the relevant 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 Notes. Title to Notes is acquired and passes when details of the acquisition or transfer are entered in the Register in accordance with the Deed Poll.

1.4 Independent obligations

The obligations of Westpac in respect of each 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 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 Note remains in CHES:

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

will be governed by and subject to the rules and regulations of CHES (but without affecting any of these Conditions which affect the eligibility of the Notes as Tier 2 Capital). To the extent of any inconsistency:

- i. between these Conditions (other than any of these Conditions which affect the eligibility of the Notes as Tier 2 Capital) and the rules and regulations of CHES, the rules and regulations of CHES prevail; and
- ii. between any of these Conditions which affect the eligibility of the Notes as Tier 2 Capital and the rules and regulations of CHES, those Conditions prevail.

1.7 No other rights

The Notes confer no rights on a Holder:

- a. to vote at, or receive notices of, any meeting of shareholders or members 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

The 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 rights and claims of a Holder 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.

2.2 Status

- a. Holders do not have any right to prove in a Winding-Up in respect of Notes, except as permitted under Condition 2.4(b).
- b. The Notes constitute direct and unsecured subordinated obligations of Westpac and will rank for payment in a Winding-Up as set out in Condition 2.4(b).

2.3 Solvency Condition

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

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 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, and provided that a Note has not been Converted or Written-off:

- 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 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: (x) 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 or other date on which such amount falls due); and (y) shall not constitute an Event of Default.

2.4 Winding-Up and ranking

In a Winding-Up:

- a. Holders shall have no right or claim against Westpac in respect of any principal, interest or Additional Amounts in respect of a Note to the extent that such Note has been Converted or Written-off; and
- b. the rights and claims of Holders against Westpac to recover any principal, interest or Additional Amounts in respect of such Notes that have not been Converted or Written-off:
 - i. shall be subordinate to, and rank junior in right of payment to, the obligations of Westpac to Senior Creditors and 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 Notes;
 - ii. shall rank equally with the obligations of Westpac to the holders of other Notes that have not been Converted or Written-off, and the obligations of Westpac to the holders of Equal Ranking Instruments; and
 - iii. shall rank prior to, and senior in right of payment to, the obligations of Westpac to the holders of Ordinary Shares, and other Junior Ranking Capital Instruments.

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

In a Winding-Up, Holders shall only be entitled to prove for any sums payable in respect of their Notes as a debt which is subject to prior payment in full of Senior Creditors. Holders 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.

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2.5 No Set-Off

Neither Westpac nor any Holder is entitled to set-off any amounts due in respect of Notes against any amount of any nature owed by Westpac to the Holder or by the Holder to Westpac (as applicable).

2.6 Clawback

Each Holder 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 either this Condition 2 or Condition 7.

2.7 Other provisions

Each Holder:

- 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;
- c. irrevocably acknowledges and agrees that the subordination effected by 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;
- d. acknowledges that:
 - i. Westpac intends that Notes constitute Tier 2 Capital; and
 - ii. Notes are subject to Conversion and that the primary method of loss absorption is Conversion, subject to possible termination of Holders' rights in accordance with Condition 5.5.

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

3 INTEREST

3.1 Payment of interest

Interest is payable on the Face Value of a Note from (and including) the date on which it is issued to (but excluding) its Maturity Date, or an earlier Redemption Date or Conversion 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 Note is payable quarterly in arrear on each of 22 February, 22 May, 22 August and 22 November in each year, commencing on 22 November 2013 to, and including, the Maturity Date or an earlier Redemption Date (each an **Interest Payment Date**).

3.3 Calculation of interest

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

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

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 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 or Conversion Date of that Note).

3.4 Interest continues to accrue

If a payment of principal or interest in respect of a Note is improperly withheld or refused when due and payable, interest will continue to accrue on any unpaid principal (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 and any unpaid interest not paid when due accumulates with compounding until (but excluding) the date such amount is paid.

3.5 Notification

- a. 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 Note.
- b. 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.
- c. Westpac may amend the calculation of any amount (or make appropriate alternative arrangements by 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 so doing.

3.6 Calculations final

The calculation by Westpac of all rates and amounts payable by it in relation to 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

Subject to Condition 2.3, a 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;
- b. it has been previously purchased by Westpac and cancelled; or
- c. it has been Converted or Written-off.

4.2 Early redemption: Tax Event or Regulatory Event

If a Tax Event or Regulatory Event occurs, Westpac may, subject to Conditions 2.3, 4.4 and 4.8, redeem all (but not some) Notes for their Face Value, together with accrued interest (if any), on an Interest Payment Date.

4.3 Early redemption: option of Westpac

Westpac may, subject to Conditions 2.3, 4.4 and 4.8, redeem all or some Notes for their Face Value together with accrued interest (if any) on any Interest Payment Date on or after the Interest Payment Date falling on 22 August 2018.

If some 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.

4.4 Notice of early redemption; supporting opinions

- a. 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 Notes in accordance with this Condition 4. Such notice must be given in accordance with the Deed Poll.
- b. Before Westpac gives the notice under Condition 4.4(a), it must have received:
 - i. in the case of a Tax Event, a supporting opinion of reputable legal counsel or other tax adviser in Australia experienced in such matters, in relation to such Tax Event; and
 - ii. in the case of a Regulatory Event, a supporting opinion of reputable legal counsel in Australia experienced in such matters, or confirmation from APRA, in relation to such Regulatory Event.

4.5 Notice irrevocable

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

4.6 No Holder option for early redemption

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

4.7 Purchase

- a. Westpac or any of its controlled entities may, subject to prior written approval having been obtained from APRA (which approval is at the discretion of APRA and may or may not be given), at any time purchase Notes in the open market or otherwise and at any price provided that such Notes are not acquired by a controlled entity that is not a tax resident of Australia unless such Notes are acquired by it as part of a business carried on by it through a permanent establishment located within Australia. All unmatured Notes purchased

APPENDIX B

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in accordance with this Condition 4.7 may be held, resold or cancelled at the discretion of Westpac, subject to compliance with applicable law.

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

4.8 Consent of APRA

Westpac may only redeem Notes under Condition 4.2 or 4.3 if:

- a. either:
 - i. before or concurrently with redemption, Westpac replaces Notes with a capital instrument which is of the same or better quality (for the purposes of the Prudential Standards) than the Notes and the replacement of Notes is done under conditions that are sustainable for the income capacity of the Westpac Group; or
 - ii. Westpac obtains confirmation from APRA that APRA is satisfied, having regard to the capital position of the Westpac Group, that Westpac does not have to replace the Notes; and
- b. APRA has given its prior written approval to the redemption of Notes. Approval is at the discretion of APRA and may or may not be given.

5 NON-VIABILITY AND CONVERSION

5.1 Non-Viability Trigger Event

A **Non-Viability Trigger Event** occurs when APRA notifies Westpac in writing that it believes:

- a. Conversion of all or some Notes, or conversion or write down of capital instruments of the Westpac Group is necessary because, without it, Westpac would become non-viable; or
- b. a public sector injection of capital, or equivalent support, is necessary because, without it, Westpac would become non-viable.

5.2 Consequences of a Non-Viability Trigger Event

- a. If a Non-Viability Trigger Event occurs, Westpac must Convert such number of the Notes (or, if it so determines, such percentage of the Face Value of each Note) as is equal (following any conversion or write down of Relevant Capital Securities as referred to in Condition 5.2(b)) to the aggregate face value or principal amount of capital instruments which:
 - i. APRA has notified Westpac must be converted, written-off or written-down; or
 - ii. if APRA has not so notified Westpac, such number or, if Westpac so determines, such percentage of the Face Value of Notes, as is necessary, when added to the amount of Relevant Capital Securities converted or written-off pursuant to Condition 5.2(b), to satisfy APRA that Westpac will no longer be non-viable.
- b. In determining the number of Notes, or the percentage of the Face Value of each Note, which must be Converted in accordance with this Condition 5, Westpac will:
 - i. first, convert or write-down such number or amount of the face value of outstanding Relevant Tier 1 Securities before Conversion of the Notes as is necessary to satisfy APRA that Westpac will no longer be non-viable; and
 - ii. second, if conversion or write-down of those Relevant Tier 1 Securities is not sufficient, Convert (in the case of the Notes) and/or convert or write-down (in the case of any Relevant Tier 2 Securities), on a pro-rata basis or in a manner that is otherwise, in the opinion of Westpac, fair and reasonable, the Face Value of the Notes and the face value of any Relevant Tier 2 Securities (subject to such adjustments as Westpac may determine to take into account the effect on marketable parcels and whole numbers of Ordinary Shares and any Notes or Relevant Tier 2 Securities remaining on issue), but such determination will not impede the immediate Conversion of the relevant number of Notes or percentage of the Face Value of each Note (as the case may be) or, if applicable, termination of the relevant Holders' rights and claims in accordance with Condition 5.5.

5.3 Conversion following a Non-Viability Trigger Event

If a Non-Viability Trigger Event occurs:

- a. the relevant number of Notes, or percentage of the Face Value of each Note, must be Converted immediately upon the occurrence of the Non-Viability Trigger Event in accordance with Conditions 5.4 and 6. The Conversion will be irrevocable;
- b. Westpac must give notice to the Holders and the ASX as soon as practicable that Conversion has occurred;
- c. the notice must specify the date on which Conversion occurred (**Non-Viability Trigger Event Date**); and
- d. the notice must specify the details of the Conversion process, including any details which were taken into account in relation to the effect on marketable parcels and whole numbers of Ordinary Shares, and the impact on any Notes remaining on issue.

Failure to undertake any of the steps in this Condition 5.3 does not prevent, invalidate or otherwise impede Conversion.

5.4 Automatic Conversion upon the occurrence of a Non-Viability Trigger Event

If a Non-Viability Trigger Event has occurred and all or some Notes (or percentage of the Face Value of a Note) are required to be Converted in accordance with this Condition 5, then:

- a. Conversion of the relevant Notes or percentage of the Face Value of each Note will be taken to have occurred in accordance with Condition 6 immediately upon the Non-Viability Trigger Event Date;
- b. subject to Condition 6.10, the entry of the corresponding Notes in each relevant Holder's holding in the Register will constitute an entitlement of that Holder to the relevant number of Ordinary Shares (and, if applicable, also to any remaining balance of Notes or Notes with a Face Value equal to the aggregate of the remaining percentage of the Face Value of each Note), and Westpac will recognise the Holder as having been issued the relevant Ordinary Shares for all purposes, in each case without the need for

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- c. any further act or step by Westpac, the Holder or any other person (and Westpac will, as soon as possible thereafter and without delay on its part, take any appropriate procedural steps to record such Conversion, including updating the Register and the Ordinary Share register); and
- c. subject to Condition 6.10, upon Conversion a Holder has no further right or claim under these Conditions in respect of the Notes Converted, except in relation to the Holder's entitlement to the relevant number of Ordinary Shares and the Holder's entitlement, if any, to Notes representing the unconverted outstanding Face Value.

5.5 No further rights

If, for any reason, Conversion of any Notes (or a percentage of the Face Value of any Notes) required to be Converted under Conditions 5.2 and 5.3 fails to take effect under Conditions 5.4(a) and 5.4(b), and Westpac is not otherwise able to issue the Ordinary Shares required to be issued in respect of such Conversion by 5.00pm on the fifth Business Day after the Non-Viability Trigger Event Date, then:

- a. the relevant Holders' rights and claims under these Conditions in relation to such Notes or the percentage of the Face Value of the Notes are immediately and irrevocably terminated; and
- b. such termination will be taken to have occurred immediately upon the Non-Viability Trigger Event Date.

5.6 Consent to receive Ordinary Shares and other acknowledgements

Subject to Condition 5.5, each Holder irrevocably:

- a. upon receipt of the Conversion Number of Ordinary Shares following Conversion of Notes in accordance with this Condition 5 and Condition 6, consents to becoming a member of Westpac and agrees to be bound by the constitution of Westpac, in each case in respect of Ordinary Shares issued on Conversion;
- b. acknowledges and agrees that, unless it has given notice in accordance with Condition 6.10 that it does not wish to receive Ordinary Shares as a result of Conversion, it is obliged to accept Ordinary Shares of Westpac on Conversion notwithstanding anything that might otherwise affect a Conversion of Notes including:

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- i. any change in the financial position of Westpac since the issue of the Notes;
 - ii. any disruption to the market or potential market for Ordinary Shares or capital markets generally; or
 - iii. any breach by Westpac of any obligation in connection with the Notes;
- c. acknowledges and agrees that:
- i. Conversion is not subject to any conditions other than those expressly provided for in this Condition 5 and Condition 6;
 - ii. Conversion must occur immediately on the Conversion Date and that may result in disruption or failures in trading or dealings in the Notes;
 - iii. it will not have any rights to vote in respect of any Conversion; and
 - iv. notwithstanding Condition 6.9, Ordinary Shares issued on Conversion may not be quoted at the time of Conversion or at all;
- d. acknowledges and agrees that where Condition 5.5 applies, no other conditions or events will affect the operation of that Condition and it will not have any rights to vote in respect of any termination under that Condition;
- e. acknowledges and agrees that it has no right to determine whether Notes are Converted; and
- f. acknowledges and agrees that it has no remedies on account of the failure of Westpac to issue Ordinary Shares in accordance with this Condition 5 other than, subject to Condition 5.5, to seek specific performance of Westpac's obligation to issue Ordinary Shares.

5.7 Issue of ordinary shares of successor holding company

Where there is a replacement of Westpac as the ultimate holding company of the Westpac Group and the successor holding company is an Approved Successor, Conversion of the Notes may not occur as a consequence of the Replacement. Instead, these Conditions may be amended in accordance with Condition 10.4.

5.8 No conversion at the option of Holders

Holders do not have a right to request Conversion of their Notes at any time.

6 GENERAL PROVISIONS APPLICABLE TO CONVERSION

6.1 Conversion

On the Conversion Date, subject to Conditions 5.5 and 6.10, the following provisions will apply.

- a. Westpac will allot and issue the Conversion Number of Ordinary Shares for each Note held by the Holder. The Conversion Number is, subject always to the Conversion Number being no greater than the Maximum Conversion Number, calculated according to the following formula:

$$\text{Conversion Number for each Note} = \frac{\text{Face Value}}{0.99 \times \text{VWAP}}$$

where:

VWAP (expressed in dollars and cents) means the VWAP during the VWAP Period; and

Maximum Conversion Number means a number calculated according to the following formula:

$$\text{Maximum Conversion Number} = \frac{\text{Face Value}}{0.20 \times \text{Issue Date VWAP}}$$

- b. Each Holder's rights in relation to each Note that is being Converted as determined in accordance with Conditions 5.2(a) and 5.2(b) will be immediately and irrevocably terminated for an amount equal to the Face Value and Westpac will apply the Face Value of each Note by way of payment for the subscription for the Ordinary Shares to be allotted and issued under Condition 6.1(a). Each Holder is taken to have irrevocably directed that any amount payable under this Condition 6.1 is to be applied as provided for in this Condition 6.1 and Holders do not have any right to payment in any other way.
- c. If the total number of Ordinary Shares to be allotted and issued in respect of a Holder's aggregate holding of Notes includes a fraction of an Ordinary Share, that fraction of an Ordinary Share will be disregarded.

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- d. Subject to Condition 6.10, where Notes are Converted, Westpac will allot and issue the Ordinary Shares to the Holder on the basis that a Holder's name, address and security account details in CHESS set out in the Register (or, if not set out in the Register, otherwise held by the Registrar) are:
- i. the name and address for entry into any register of title and receipt of any certificate or holding statement in respect of any Ordinary Shares issued on Conversion; and
 - ii. the account to which the Ordinary Shares issued on Conversion are to be credited, unless a Holder has notified Westpac a different name, address or account details, together with such other information as is reasonably requested by Westpac, which notice may be given at any time on or after the Issue Date and no less than 15 Business Days prior to the Conversion Date.
- iii. during the VWAP Period on the Business Days on which those entitlements were traded (excluding trades of the kind that would be excluded in determining VWAP under the definition of that term); or
- iii. in the case of other entitlements for which adjustment is not made under Condition 6.2(a)(i) or 6.2(a)(ii), the value of the entitlement as reasonably determined by Westpac; and
- b. where, on some or all of the Business Days in the VWAP Period, Ordinary Shares have been quoted as ex dividend or ex any other distribution or entitlement, and Notes will be Converted into Ordinary Shares which would be entitled to receive the relevant dividend, distribution or entitlement, the VWAP on the Business Days on which those Ordinary Shares have been quoted ex dividend or ex any other distribution or entitlement will be increased by the Cum Value.

6.2 Adjustments to VWAP generally

For the purposes of calculating VWAP under Condition 6.1:

- a. where, on some or all of the Business Days in the relevant VWAP Period, Ordinary Shares have been quoted on ASX as cum dividend or cum any other distribution or entitlement and Notes will be Converted into Ordinary Shares after that date and those Ordinary Shares will no longer carry that dividend or that other distribution or entitlement, then the VWAP on the Business Days on which those Ordinary Shares have been quoted cum dividend or cum any other distribution or entitlement will be reduced by an amount (**Cum Value**) equal to:
 - i. in the case of a dividend or other distribution, the amount of that dividend or other distribution including, if the dividend or distribution is franked, the amount that would be included in the assessable income of a recipient of the dividend or distribution who is a natural person resident in Australia under the Tax Legislation;
 - ii. in the case of any entitlement that is not a dividend or other distribution for which adjustment is made under Condition 6.2(a)(i) which is traded on ASX on any of those Business Days, the volume weighted average price of all such entitlements sold on ASX

6.3 Adjustments to VWAP for capital reconstruction

- a. Where during the relevant VWAP Period there is a change to the number of Ordinary Shares on issue because the Ordinary Shares are reconstructed, consolidated, divided or reclassified (in a manner not involving any cash payment to or by holders of Ordinary Shares) (**Reclassification**) into a lesser or greater number, the daily VWAP for each day in the VWAP Period which falls before the date on which trading in Ordinary Shares is conducted on a post Reclassification basis will be adjusted by multiplying the VWAP applicable on the Business Day immediately before the date of any such Reclassification by the following formula:

$$\frac{A}{B}$$

where:

A means the aggregate number of Ordinary Shares immediately before the Reclassification; and

B means the aggregate number of Ordinary Shares immediately after the Reclassification.

- b. Any adjustment made by Westpac in accordance with Condition 6.3(a) will be effective and binding on Holders under these Conditions and these Conditions will be construed accordingly.

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6.4 Adjustments to Issue Date VWAP generally

For the purposes of determining the Issue Date VWAP under Condition 6.1, adjustments will be made in accordance with Conditions 6.2 and 6.3 during the VWAP Period for the Issue Date VWAP. On and from the Issue Date, adjustments to the Issue Date VWAP:

- a. may be made by Westpac in accordance with Conditions 6.5, 6.6 and 6.7; and
- b. if so made, will be effective and binding on Holders under these Conditions and these Conditions will be construed accordingly.

6.5 Adjustments to Issue Date VWAP for bonus issues

- a. Subject to Conditions 6.5(b) and 6.5(c), if Westpac makes a pro-rata bonus issue of Ordinary Shares to holders of Ordinary Shares generally (in a manner not involving any cash payment to or by holders of Ordinary Shares), the Issue Date VWAP will be adjusted immediately in accordance with the following formula:

$$V = V_o \times RD / (RD + RN)$$

where:

V means the Issue Date VWAP applying immediately after the application of this formula;

V_o means the Issue Date VWAP applying immediately prior to the application of this formula;

RD means the number of Ordinary Shares on issue immediately prior to the allotment of new Ordinary Shares pursuant to the bonus issue; and

RN means the number of Ordinary Shares issued pursuant to the bonus issue.

- b. Condition 6.5(a) does not apply to Ordinary Shares issued as part of a bonus share plan, employee or executive share plan, executive option plan, share top up plan, share purchase plan or a dividend reinvestment plan.
- c. For the purposes of this Condition 6.5, an issue will be regarded as a bonus issue notwithstanding that Westpac does not make offers to some or all holders of Ordinary Shares with registered addresses outside Australia, provided that in so doing Westpac is not in contravention of the ASX Listing Rules.

6.6 Adjustments to Issue Date VWAP for capital reconstruction

If at any time after the Issue Date there is a change to the number of Ordinary Shares on issue because of a Reclassification (in a manner not involving any cash payment to or by holders of Ordinary Shares) into a lesser or greater number, the Issue Date VWAP will be adjusted by multiplying the Issue Date VWAP applicable on the Business Day immediately before the date of any such Reclassification by the following formula:

$$\frac{A}{B}$$

where:

A means the aggregate number of Ordinary Shares on issue immediately before the Reclassification; and

B means the aggregate number of Ordinary Shares on issue immediately after the Reclassification.

6.7 No adjustment to Issue Date VWAP in certain circumstances

Despite the provisions of Conditions 6.5 and 6.6, no adjustment will be made to the Issue Date VWAP where any such adjustment (rounded if applicable) would be less than one per cent of the Issue Date VWAP then in effect.

6.8 Announcement of adjustments to Issue Date VWAP

Westpac will notify any adjustment to the Issue Date VWAP under this Condition 6 to ASX and the Holders within 10 Business Days of Westpac determining the adjustment and the adjustment will be final and binding.

6.9 Status and listing of Ordinary Shares

- a. Ordinary Shares issued or arising from Conversion will rank equally with all other fully paid Ordinary Shares provided that the rights attaching to the Ordinary Shares issued or arising from Conversion do not take effect until 5.00pm (Sydney time) on the Conversion Date.
- b. Westpac will use all reasonable endeavours to list the Ordinary Shares issued on Conversion of Notes on ASX.

6.10 Conversion where the Holder does not wish to receive Ordinary Shares or is an Ineligible Holder

- a. If Notes are required to be Converted and:
- i. the Holder has notified Westpac that it does not wish to receive Ordinary Shares as a result of Conversion, which notice may be given at any time on or after the Issue Date and no less than 15 Business Days prior to the Conversion Date; or
 - ii. the Holder is an Ineligible Holder,
- then, on the Conversion Date, the Holder's rights (including to payments of interest or Additional Amounts, or the repayment of principal) in relation to each such Note being Converted are immediately and irrevocably terminated and Westpac will issue the Conversion Number of Ordinary Shares to one or more Sale and Transfer Agents for no additional consideration to hold on trust for sale for the benefit of the relevant Holder. At the first opportunity to sell the Ordinary Shares, each Sale and Transfer Agent will arrange for their sale at market value and pay the proceeds less selling costs to the relevant Holder.
- b. If Conversion fails to take effect and Westpac is not otherwise able to issue Ordinary Shares to a Sale and Transfer Agent within five Business Days, then Holders' rights will be immediately and irrevocably terminated in accordance with Condition 5.5.

6.11 Conversion if amounts not paid

For the avoidance of doubt, Conversion may occur even if an amount is not paid to a Holder as a consequence of Condition 2.3.

6.12 Conversion after Winding-Up commences

If an order is made by a court, or an effective resolution is passed for Winding-Up, and a Non-Viability Trigger Event occurs, then Conversion shall occur (subject to Condition 5.5) in accordance with Conditions 5.2, 5.3 and 5.4.

6.13 Conversion of a percentage of Face Value

If under these Conditions it is necessary to Convert a percentage of the Face Value upon the occurrence of a Non-Viability Trigger Event, this Condition 6 will apply to the Conversion as if references to the Face Value were references to the relevant percentage of the Face Value to be Converted multiplied by the Face Value.

7 EVENTS OF DEFAULT

7.1 Events of Default

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

- a. Westpac fails to pay:
 - i. any amount of principal in respect of a Note within seven Business Days of the Maturity Date; or
 - ii. any amount of interest in respect of a Note within 14 Business Days of the due date for payment of that amount,

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.

7.2 Consequences of an Event of Default

In the event of an occurrence of an Event of Default set out at Condition 7.1(a), the Holder of any Note may bring proceedings:

- a. to recover any amount then due and payable but unpaid on that 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 Note; or
- c. for a Winding-Up of Westpac.

In the event of an occurrence of an Event of Default set out at Condition 7.1(b) above:

- i. the Notes will, subject to paragraph (ii), without further action, become due and payable and a Holder of any Note may institute proceedings for a Winding-Up or, subject to Condition 2, for proving or claiming in any Winding-Up; and

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- 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 for the recovery of amounts owing in respect of Notes or in respect of any breach by Westpac of any obligation, condition or provision binding on it under these Conditions.

7.3 Rectification

A Holder's right to declare a 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.

7.4 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.

8 PAYMENTS

8.1 General

All payments in respect of 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;
- 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 Notes remain in CHESS;
 - ii. the particulars recorded in the Register on the relevant Record Date; and
 - iii. these Conditions.

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 Notes, any fraction of a cent will be disregarded.

8.2 Payments to Holders

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

8.3 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 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 (provided that payments must always be paid in cash).
- b. Westpac may send a cheque referred to in Condition 8.3(a)(ii), if relevant, to:
 - i. the address in the Register of the Holder;
 - ii. if that Note is jointly held, the address in the Register of the Holder named first in the register in respect of the Note; or
 - iii. any other address which that person directs in writing.
- c. If Westpac decides to make a payment by electronic or other means determined under Condition 8.3(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.

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- 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 (or any person through whom payments are made), 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 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 8.3(e), even where a Holder later demonstrates that they were not subject to such law, administrative practice or procedure or sanction.

9 TAXATION

9.1 Taxation

All payments in respect of 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. Westpac shall withhold or deduct any such amount required by law from the relevant payment in respect of the Notes.

9.2 Additional Amounts

If a deduction or withholding is made under Condition 9.1 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 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 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 Notes or the receipt of any payment in respect of 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;
- e. being party to or participating in a scheme to avoid Taxes; or
- f. being issued any Ordinary Shares upon Conversion.

9.3 FATCA

Notwithstanding Conditions 9.1 and 9.2, if Westpac or any other person is required to withhold amounts under or in connection with FATCA from any payments made with respect to Notes or with respect to the issuance of any Ordinary Shares upon any Conversion, Holders and beneficial owners of Notes, and holders of Ordinary Shares issued upon any Conversion, will not be entitled to receive any gross up or other amount to compensate them for such withholding.

10 GENERAL

10.1 Further issues

Westpac may from time to time, without the consent of any Holder, issue any securities ranking equally with Notes (on the same terms or otherwise) or ranking in priority or junior to the Notes.

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10.2 Amendment: general provisions

- a. 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 materially adversely affect the rights of Holders.
- b. No other amendment to these Conditions is permitted without the prior written consent of the Holders given in accordance with the Deed Poll.

10.3 Amendment: regulatory treatment

No amendment to these Conditions is permitted without the prior written consent of APRA if such amendment would affect the eligibility of the Notes as Tier 2 Capital as described in the Prudential Standards.

10.4 Amendment: successor holding company

- a. If:
 - i. it is proposed that Westpac be replaced as the ultimate holding company of the Westpac Group by an Approved Successor (**Replacement**); and
 - ii. the Approved Successor agrees to expressly assume Westpac's obligations in respect of the Notes by entering into a deed poll for the benefit of Holders under which it agrees (among other things):
 - A. to deliver fully paid ordinary shares in the capital of the Approved Successor (**Approved Successor Shares**) under all circumstances when Westpac would have otherwise been obliged to deliver Ordinary Shares on a Conversion, subject to the same terms and conditions as set out in these Conditions as amended in accordance with this Condition 10.4; and
 - B. to use all reasonable endeavours and furnish all such documents, information and undertakings as may be reasonably necessary in order to procure quotation of the Approved Successor Shares issued under these Conditions on the stock

exchanges on which the other Approved Successor Shares are quoted at the time of a Conversion,

Westpac may, with APRA's prior written approval, but without the authority, assent or approval of Holders, give a notice (an **Approved Replacement Notice**) to Holders (which, if given, must be given as soon as practicable before the Replacement and in any event no later than 10 Business Days before the Replacement occurs).

- b. An Approved Replacement Notice must specify the amendments to these Conditions in respect of the Notes which will be made in accordance with this Condition 10.4, being those amendments which in Westpac's reasonable opinion are necessary, expedient or appropriate to effect the substitution of the Approved Successor as the debtor in respect of Notes and the issuer of Approved Successor Shares on Conversion (including such amendments as are necessary, expedient or appropriate for the purposes of complying with the provisions of Chapter 2L of the Corporations Act where the Approved Successor is not an authorised deposit-taking institution under the Banking Act).
- c. An Approved Replacement Notice, once given, is irrevocable.
- d. If Westpac gives an Approved Replacement Notice to Holders in accordance with Condition 10.4(a), then with effect on and from the date specified in the Approved Replacement Notice:
 - i. the Approved Successor will assume all of the obligations of, and succeed to, and be substituted for, and may exercise every right and power of, Westpac in respect of the Notes with the same effect as if the Approved Successor had been the original issuer of the Notes;
 - ii. Westpac (or any corporation which has previously assumed the obligations of Westpac) will be released from its liability under these Conditions in respect of the Notes; and
 - iii. references to Westpac in these Conditions will be taken to be references to the Approved Successor and references to Ordinary Shares in these Conditions will be taken to be references to Approved Successor Shares;

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- e. If Westpac gives an Approved Replacement Notice to Holders in accordance with Condition 10.4(a), then each Holder irrevocably consents to becoming a member of the Approved Successor and agrees to be bound by the constitution of the Approved Successor, in each case in respect of Approved Successor Shares issued on Conversion.
- f. Westpac must not issue an Approved Replacement Notice unless either:
- i. APRA is satisfied that the capital position of Westpac on a Level 1 basis and Level 2 basis as described in the Prudential Standards will not be adversely affected by the Replacement; or
 - ii. the Approved Successor or another entity which is not a member of the Westpac Group and approved by APRA subscribes for Ordinary Shares or other capital instruments acceptable to APRA in such amount as may be necessary, or take other steps acceptable to APRA to ensure that the capital position of Westpac on a Level 1 basis and Level 2 basis as described in the Prudential Standards will not be adversely affected by the Replacement, including, if required by APRA or the Prudential Standards, undertaking any capital injection in relation to Westpac to replace the Notes.

Any capital injection carried out pursuant to Condition 10.4(f)(ii) must:

- A. be unconditional;
- B. occur simultaneously with the substitution of the Approved Successor; and
- C. be of equal or better quality capital and at least the same amount as the Notes, unless otherwise approved by APRA in writing.

Nothing in this Condition 10.4 prevents Westpac from proposing, or limits, any scheme of arrangement or other similar proposal that may be put to Holders or shareholders or members of Westpac.

10.5 Power of Attorney

Each Holder irrevocably appoints each of Westpac, its officers and any Liquidator or administrator of Westpac (each an **Attorney**) severally to be the attorney of the Holder with power in the name and on behalf of the Holder to sign all documents and transfers and do any other thing as may in the

Attorney's opinion be necessary or desirable to be done in order to give effect to, or for the Holder to observe or perform the Holder's obligations under, these Conditions.

The power of attorney given in this Condition 10.5 is given for valuable consideration and to secure the performance by the Holder of the Holder's obligations under these Conditions and is irrevocable.

10.6 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 Notes and the granting of approvals, consents and waivers.

10.7 Notices

The Deed Poll contains provisions for the giving of notices.

10.8 Governing law

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

11 INTERPRETATION AND DEFINITIONS

11.1 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:

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CONDITIONS

- 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 Prudential Standards, 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;
- 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 Note;

- p. a reference to a matter which is described in the Prudential Standards is a reference to that matter as it is updated, varied or replaced and described in the Prudential Standards, from time to time; and
- q. a reference to an event occurring "after" the elapse of a period of time means the relevant period not including the day on which the relevant event which triggered the commencement of the period of time occurred.

11.2 Definitions

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

Additional Amount has the meaning specified in Condition 9.2.

Administrative Action means any judicial decision, official administrative pronouncement or action, published or private ruling, interpretative decision, regulatory procedure or policy, application or a regulatory procedure or policy and any notice or announcement (including any notice or announcement of intent to adopt or make any of those things).

Approved Replacement Notice has the meaning specified in Condition 10.4(a).

Approved Successor means a holding company that replaces, or is proposed to replace, Westpac as the ultimate holding company of the Westpac Group and that satisfies the following requirements:

- a. the proposed successor holding company complies with all applicable legal requirements and obtains any necessary regulatory approvals (including APRA's prior written approval);
- b. the proposed successor holding company agrees to take any necessary action to give effect to an amendment to the Conditions as contemplated in Condition 10.4;
- c. the ordinary shares of the proposed successor holding company are to be listed on the ASX or any other internationally recognised stock exchange;
- d. the proposed successor holding company has a place of business in New South Wales or has appointed a process agent in New South Wales to receive service of process on its behalf in relation to any legal proceedings arising out of or in connection with the Notes;

-
- e. the proposed successor holding company has in the reasonable opinion of Westpac, the financial capacity to satisfy Westpac's obligations under these Conditions and the Deed Poll; and
- f. the proposed replacement of Westpac and the events described in paragraphs (a) to (c) would not, in the reasonable opinion of Westpac, otherwise adversely affect the interests of Holders.

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.

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).

Conversion means the conversion of all or some Notes (or a percentage of each Note) into Ordinary Shares of Westpac in accordance with these Conditions. Convert and Converted shall have corresponding meanings.

Conversion Date means the applicable Non-Viability Trigger Event Date.

Conversion Number has the meaning given in Condition 6.1(a).

Cum Value has the meaning given in Condition 6.2(a).

Deed Poll means the deed poll entitled "Westpac Subordinated Notes II Deed Poll" executed by Westpac and dated 10 July 2013.

Equal Ranking Instruments means instruments which satisfy the requirements set out in one of the following paragraphs (a), (b) or (c):

- a. any instruments, present and future, issued by Westpac after 1 January 2013 which:
 - i. by their terms are, or are expressed to be, subordinated in a Winding-Up to the claims of holders of Senior Creditors;
 - ii. qualify as Tier 2 Capital of Westpac as described in the Prudential Standards; and
 - iii. in a Winding-Up rank, or are expressed to rank, prior to, and senior in right of payment to, instruments which constitute Additional Tier 1 Capital or Common Equity Tier 1 Capital of Westpac as described in the Prudential Standards (or, in the case of any instruments issued prior to 1 January 2013, were treated as constituting Tier 1 Capital in accordance with the Prudential Standards which applied prior to 1 January 2013 irrespective of whether or not such instruments are treated as constituting Tier 1 Capital in accordance with any transitional arrangements approved by APRA);
- b. irrespective of whether or not such instruments are treated as constituting Tier 2 Capital in accordance with any transitional arrangements approved by APRA, the Perpetual Capital Notes; or
- c. any other instruments, present and future, issued by Westpac where, the right to repayment ranks, or is expressed to rank, in a Winding-Up equally with the claims of Holders (irrespective of whether or not such instruments qualify as

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Tier 2 Capital of Westpac as described in the Prudential Standards).

Event of Default has the meaning given in Condition 7.1.

Face Value means the principal amount of a Note and, as applicable, either:

- a. A\$100 per Note; or
- b. if the principal amount has, from time to time, been Converted or Written-off in accordance with, Conditions 5 and 6, the principal amount as reduced by such Conversion or Write-off.

FATCA means sections 1471 to 1474 of the United States Internal Revenue Code of 1986, as amended (or any consolidation, amendment, re-enactment or replacement of those provisions and including any regulations or official interpretations issued, agreements (including, without limitation, Intergovernmental Agreements) entered into or non-US laws enacted, with respect thereto).

Foreign Holder means a Holder whose address in the Register is a place outside Australia or who Westpac otherwise believes may not be a resident of Australia and Westpac is not satisfied that the laws of the Holder's country of residence would permit the offer to, or the holding or acquisition of Ordinary Shares by, the Holder (but Westpac will not be bound to enquire into those laws), either unconditionally or after compliance with conditions which Westpac, in its absolute discretion, regards as acceptable and not unduly onerous.

Holder means, in respect of a Note, the person whose name is for the time being entered in the Register as the owner of it or, where it is held jointly by two or more persons, the persons whose names appear in the Register as the joint owners of the Note.

Ineligible Holder means a Holder who is prohibited or restricted by any applicable law or regulation in force in Australia (including but not limited to Chapter 6 of the Corporations Act, the Foreign Acquisitions and Takeovers Act 1975 of Australia, the Financial Sector (Shareholdings) Act 1998 of Australia and Part IV of the Competition and Consumer Act 2010 of Australia) from being offered, holding or acquiring Ordinary Shares (provided that if the relevant prohibition or restriction only applies to the Holder in respect of some of its Notes, it shall only be treated as an Ineligible Holder in respect of those Notes and not in respect of the balance of its Notes) and

includes a Foreign Holder. Westpac shall be entitled to treat a Holder as not being an Ineligible Holder unless the Holder has otherwise notified it after the Issue Date and prior to the Conversion Date.

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.

Issue Date means the date on which the Notes are issued, which is expected to be on or about 22 August 2013.

Issue Date VWAP means the VWAP during the period of 20 Business Days on which trading in Ordinary Shares took place immediately preceding but not including the Issue Date, as adjusted in accordance with Condition 6.

Junior Ranking Capital Instruments means instruments, present and future, issued by Westpac which:

- a. by their terms are, or are expressed to be, subordinated in a Winding-Up to the claims of Holders of the Notes and Equal Ranking Instruments; and
- b. qualify as Additional Tier 1 Capital or Common Equity Tier 1 Capital of Westpac as described in the Prudential Standards or, in the case of any instruments issued prior to 1 January 2013, were treated as constituting Tier 1 Capital in accordance with the Prudential Standards which applied prior to 1 January 2013 irrespective of whether or not such instruments are treated as constituting Tier 1 Capital in accordance with any transitional arrangements approved by APRA.

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 is 2.30% per annum.

Maturity Date means 22 August 2023.

Maximum Conversion Number has the meaning given in Condition 6.1(a).

Non-Viability Trigger Event has the meaning given in Condition 5.1.

Non-Viability Trigger Event Date has the meaning given in Condition 5.3(c).

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 Prospectus.

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

Perpetual Capital Notes means the Perpetual Capital Floating Rates Notes issued by Westpac on 30 September 1986, of which US\$352,050,000 are expected to remain outstanding on the Issue Date.

Prospectus means the prospectus relating to the offer of Westpac Subordinated Notes II dated on or about 10 July 2013 published by Westpac and any supplementary or replacement prospectus.

Prudential Standards means the prudential standards and guidelines published by APRA and applicable to Westpac from time to time.

Reclassification has the meaning given in Condition 6.3(a).

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 Notes are to be redeemed in accordance with these Conditions.

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 Notes held by each Holder, details of the transfer of those Notes and any other particulars which Westpac sees fit.

a. The term Register includes: 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.

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

Regulatory Event means either:

a. as a result of:

- i. any amendment to, clarification of, or change (including any announcement of a prospective change) in, laws or regulations of Australia; or
- ii. any Administrative Action or any amendment to, clarification of, or change in an Administrative Action,

in each case by any legislative body, court, government authority or regulatory body (irrespective of the manner in which such amendment, clarification, change or Administrative Action is announced) after the Issue Date provided it was not expected by Westpac as at the Issue Date:

- iii. additional requirements would be imposed on the Westpac Group in relation to the Notes; or
- iv. there would be a negative impact on the eligibility of the Notes as Tier 2 Capital, which Westpac determines, in its sole discretion, to be unacceptable; or

b. Westpac determines that all, some or a proportion of all or some Notes are not, or will not be, treated as Tier 2 Capital, other than as a result of a change of treatment expected by Westpac as at the Issue Date.

Relevant Capital Securities means Relevant Tier 1 Securities and Relevant Tier 2 Securities.

Relevant Tier 1 Security means a security forming part of the Tier 1 Capital of Westpac on a Level 1 basis or Level 2 basis as described in the Prudential Standards which, upon the occurrence of a Non-Viability Trigger Event, may be either:

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- a. converted into Ordinary Shares; or
- b. written-off or written-down (and all rights and claims of the holders terminated).

Relevant Tier 2 Security means a security (other than the Notes) forming part of the Tier 2 Capital of Westpac on a Level 1 basis or Level 2 basis as described in the Prudential Standards which, upon the occurrence of a Non-Viability Trigger Event, may be either:

- a. converted into Ordinary Shares; or
- b. written-off or written-down (and all rights and claims of the holders terminated).

Replacement has the meaning given in Condition 10.4(a)(i).

Sale and Transfer Agent means each nominee (who cannot be a member of the Westpac Group or a related entity (as described in the Prudential Standards) of Westpac) appointed by Westpac under a facility established for the sale or transfer of Ordinary Shares issued on Conversion on behalf of:

- a. Holders who do not wish to receive Ordinary Shares on Conversion; or
- b. Holders who are Ineligible Holders, in accordance with Condition 6.10. For the avoidance of doubt Westpac may appoint more than one Sale and Transfer Agent in respect of the Conversion of Notes.

Senior Creditors means all depositors and other creditors (present and future) of Westpac, including all holders of Westpac's debt:

- a. whose claims are admitted in a Winding-Up; and
- b. whose claims are not made as holders of indebtedness arising under:
 - i. an Equal Ranking Instrument; or
 - ii. a Junior Ranking Capital Instrument.

Senior Creditors include holders of any instruments issued by Westpac prior to 1 January 2013 which constituted Lower Tier 2 Capital as described in the Prudential Standards as in effect prior to 1 January 2013, irrespective of whether or not such instruments are treated as constituting Tier 2 Capital in accordance with any transitional arrangements approved by APRA.

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 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.

Tax Event means:

- a. Westpac determines that as a result of:
 - i. any amendment to, clarification of, or change (including any announcement of a prospective change) in, the Tax Legislation; or
 - ii. any Administrative Action under or in connection with the Tax Legislation or any amendment to, clarification of, or change in any such Administrative Action, in each case by any legislative body, court, government authority or regulatory body (irrespective of the manner in which such amendment, clarification, change or Administrative Action is announced) after the Issue Date, there is a material risk that Westpac would be exposed to a more than de minimis adverse tax consequence in relation to the Notes; or
- b. Westpac determines that any interest payable on Notes is not, or may not be, allowed as a deduction for the purposes of Australian income tax, in each case, a circumstance, change or event which Westpac did not expect as at the Issue Date.

Tax Legislation means:

- a. the Income Tax Assessment Act 1936 of Australia, the Income Tax Assessment Act 1997 of Australia or the Taxation Administration Act 1953 of Australia (and a reference to any section of the Income Tax Assessment Act 1936 includes a reference to that section as rewritten in the Income Tax Assessment 1997);
- b. any other law setting the rate of income tax payable; and
- c. any regulation made under such laws.

Taxes has the meaning specified in Condition 9.1.

Tier 1 Capital means Tier 1 capital of Westpac under the Prudential Standards.

Tier 2 Capital means the Tier 2 capital of Westpac under the Prudential Standards.

VWAP means, subject to any adjustments under Conditions 6.3 and 6.4, the average of the daily volume weighted average sale prices (rounded to the nearest full cent) of Ordinary Shares sold on ASX during the relevant period or on the relevant days but does not include any “crossing” transacted outside the “Open Session State” or any “special crossing” transacted at any time, each as defined in the ASX Market Rules or any overseas trades or trades pursuant to the exercise of options over Ordinary Shares.

VWAP Period means:

- a. in the case of a Conversion resulting from a Non-Viability Trigger Event, the period of 5 Business Days on which trading in Ordinary Shares took place immediately preceding (but not including) the Non-Viability Trigger Event Date; or
- b. otherwise, the period for which the VWAP is to be calculated in accordance with these Conditions.

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

Westpac Group means Westpac and its controlled entities taken as a whole.

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.

Written-off, in relation to a Note (or a percentage of the Face Value of a Note), means that the Holders’ rights have been irrevocably terminated in accordance with Condition 5.5. **Write-off** shall have a corresponding meaning.

11.3 Headings

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

11.4 Inconsistency with ASX Listing Rules

So long as Notes are quoted on ASX, these Conditions as they relate to those Notes are to be interpreted in a manner consistent with the applicable ASX Listing Rules provided always that where a Condition is required to give effect to the Prudential Standards, the interpretation which gives effect to that APRA requirement shall prevail.

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APPENDIX C

**Financial Services Guide for
Pacific Custodians Pty Limited
(ABN 66 009 682 866, AFSL No. 295142)
in relation to the On-Market Buy-Back
Facility**

APPENDIX C

THIS FINANCIAL SERVICES GUIDE (FSG) IS ISSUED BY PACIFIC CUSTODIANS PTY LIMITED (PACIFIC CUSTODIANS)

Unless otherwise defined herein, capitalised expressions have the meanings given to them in Appendix A to the Prospectus.

This FSG is an important document intended to provide you with information about Pacific Custodians who may provide the services to you, covered in this FSG. It contains information about the remuneration paid to Pacific Custodians in relation to the financial services provided by Pacific Custodians as well as how we deal with any complaints you may have.

Please contact us if you have any questions about us or this FSG. Our contact details are set out at the end of this FSG.

Who is Pacific Custodians and how can they be contacted?

Pacific Custodians is a wholly owned subsidiary of Link Market Services Limited (ABN 54 083 214 537) (**LMS**), the share registry provider for Westpac Banking Corporation. Pacific Custodians holds AFSL 295142.

What Services will Pacific Custodians provide?

If you submit a Reinvestment Form, Pacific Custodians will arrange for your Westpac SPS to be sold into the On-Market Buy-Back Facility and will hold your Westpac SPS as custodian, pending their sale through the On-Market Buy-Back Facility. Pacific Custodians will not provide any services to you if you do not submit a Reinvestment Form. Pacific Custodians will not provide any advisory service and you should seek independent advice in this regard.

Pacific Custodians provides services on its own behalf and is responsible for the financial services it provides to you. Pacific Custodians is neither responsible nor liable for any part of the Prospectus, other than this FSG (for which it is responsible).

How do I provide instructions to Pacific Custodians?

You do not need to provide any instructions directly to Pacific Custodians. The completion and submission of the Reinvestment Form in accordance

with the instructions on the Reinvestment Form provides all the instructions that are required.

How is Pacific Custodians remunerated?

Pacific Custodians will not charge you any fees in relation to the services that it provides to you in relation to your Westpac SPS.

Are there any relationship or associations?

LMS is a related body corporate of Pacific Custodians.

How do I make a complaint?

Pacific Custodians is committed to providing quality financial services. We have developed a fast and efficient complaint handling procedure to enable us to deal with any complaints you may have about us.

If you have a complaint about our services, please contact us by:

Address Level 12, 680 George Street
Sydney NSW 2000

Postal Address PO Box 20344
World Square NSW 2002
Australia

Pacific Custodians is a member of the Financial Ombudsman Service (FOS) which is an externally managed dispute resolution scheme registered with the Australian Securities and Investments Commission. If you feel we have not dealt with your complaint satisfactorily, you may refer your complaint to FOS by:

Phone 1300 780 808
Mail **Financial Ombudsman Service**
GPO Box 3,
Melbourne VIC 3001
Fax (03) 9613 6399
Internet www.fos.org.au

What compensation arrangements are in place?

Pacific Custodians has compensation arrangements in place, in the form of Professional Indemnity (PI) insurance (covering past and present staff) which satisfies the requirements of section 912B of the *Corporations Act 2001* (Cth).

This FSG is dated 20 June 2013.

GUIDE TO THE BROKER FIRM APPLICATION FORM

- A Number of Notes applied for:** Enter the number of Notes you wish to apply for. The Application must be for a minimum of 50 Notes (A\$5,000) and thereafter in multiples of 10 Notes (A\$1,000). Westpac may Allocate you all of the 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 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. **CHESSE participants should complete their name identically** to that presently registered in CHESSE.
- 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 CHESSE participant:** Westpac will apply to ASX for Notes to participate in CHESSE, operated by ASX Settlement Pty Limited. Westpac will operate an electronic CHESSE sub-register and an electronic issuer-sponsored sub-register. Together, the two sub-registers will make up Westpac's principal register of Notes. Westpac will not be issuing paper certificates to Applicants in respect of Notes unless required by law. If you are a CHESSE participant (or are sponsored by a CHESSE participant) and you wish to hold Notes Allocated to you under this Application on the CHESSE sub-register, enter your CHESSE Holder Identification Number (HIN).
Notes will only be issued under an existing CHESSE HIN if your full name and address details on this Broker Firm Application Form are identical to your CHESSE registration details. If your CHESSE registration details are not identical, you will not be able to include any Notes Allocated to you on your existing CHESSE HIN. Instead, you will be issued with an issuer-sponsored holding for any Notes Allocated to you. Once Notes have been Allotted, you may be able to combine your Notes holding with your existing CHESSE sponsored holdings by contacting your broker.
- F Contact details:** Enter your telephone number 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 my/our Syndicate Broker in accordance with their instructions, I/we:

- acknowledge having personally received a printed or electronic copy of the full Prospectus (and any supplementary or replacement document) accompanying this Broker Firm Application Form and declare that I/we have read them all in full;
- agree to be registered as a holder of Notes and to be bound by the terms of the Offer, the Prospectus, the Conditions and the Deed Poll;
- agree to become a member of Westpac and to be bound by the terms of Westpac's Constitution, if issued Ordinary Shares on Conversion;
- 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 and declare that I/we authorise Westpac (and its agents, including the Registrar on Westpac's behalf) to use and disclose my/our personal information in the manner set out in Section 9.10 of the Prospectus;
- acknowledge that once I/we submit this Broker Firm Application Form I/we may not modify or withdraw it except as permitted by law;
- apply for the number of Notes at the Australian dollar amount shown on the front of this Broker Firm Application Form;
- agree to be Allocated the number of Notes that I/we apply for, or a lower number Allocated in a way described in the Prospectus, or no 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 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 Prospectus (and any supplementary or replacement document) is not financial product or investment advice or a recommendation that 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 acting for the account or benefit of any person to whom it would not be lawful to make the Offer under applicable securities law;
- represent and warrant that I am/we are not in a jurisdiction in which it would not be lawful for the Offer to be made to me/us, and 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, deliver or transfer Notes in the United States or to, or for the account or benefit of, any US Person;
- acknowledge that Notes are not deposit liabilities or protected accounts of Westpac for the purposes of the Banking Act 1959 (Cth) or Financial Claims Scheme, are not subject to the depositor protection provisions of Australian banking legislation, and are not guaranteed or insured by any Australian government, government agency, compensation scheme of Australia or any other jurisdiction, or any other person;
- acknowledge that an investment in Notes is subject to investment risk, including possible delays in payment and loss of income and principal invested, and that neither Westpac nor any member of the Westpac Group guarantees the capital value or performance of Notes or any particular rate of return;
- acknowledge that investments in the Notes are an investment in Westpac and may be affected by the ongoing performance, financial position and solvency of Westpac; and
- acknowledge that Westpac may reject an Application without giving any reason, including where this Broker Firm Application Form is not properly completed.

PRIVACY STATEMENT

Link Market Services Limited (the Registrar) advises that once you become a holder of Notes, Chapter 2C of the Corporations Act 2001 (Cth) requires information about you as a securityholder (including your name, address and details of the 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 and others as set out in Section 9.10 of the Prospectus. You can obtain access to your personal information by contacting the Registrar on 1300 554 474. The Registrar's privacy policy is available on the Registrar's website (www.linkmarketservices.com.au). The privacy policy of Westpac is available on Westpac's website (www.westpac.com.au).

CORRECT FORMS OF REGISTRABLE NAME(S)

Note that ONLY legal entities are allowed to hold 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 this Broker Firm Application Form.

CORPORATE DIRECTORY

REGISTERED OFFICE OF WESTPAC

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

LEGAL ADVISER TO THE OFFER

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

TAX ADVISER TO THE OFFER AND LEGAL AND TAX ADVISER TO THE REINVESTMENT OFFER

Allens
Level 28, Deutsche Bank Place
Corner Hunter & Phillip Streets
Sydney NSW 2000

AUDITOR

PricewaterhouseCoopers
Darling Park Tower 2
201 Sussex Street
Sydney NSW 2000

REGISTRAR

Link Market Services Limited
Level 12
680 George Street
Sydney NSW 2000

HOW TO CONTACT US

Westpac Subordinated Notes II Information Line

1300 551 756 (local call cost within Australia)

**(Monday to Friday – 8.30am to 5.30pm,
Sydney time)**

Website: www.westpac.com.au/investorcentre

ARRANGERS

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

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

JOINT LEAD MANAGERS

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

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

Goldman Sachs Australia Pty Ltd
Level 46, Governor Phillip Tower
1 Farrer Place
Sydney NSW 2000

Macquarie Capital (Australia) Limited
Level 9
1 Martin Place
Sydney NSW 2000

Morgan Stanley Australia Securities Limited
Level 39, Chifley Tower
2 Chifley Square
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

JBWere Limited
Level 42, Governor Phillip Tower
1 Farrer Place
Sydney NSW 2000

