



Westpac Trust Preferred Securities

PRODUCT DISCLOSURE STATEMENT

ISSUER

Westpac Funds Management Limited (ABN 28 085 352 405, AFSL No. 233718)
as responsible entity of the Westpac TPS Trust (ARSN 119 504 380)

STRUCTURING ADVISER

UBS

**JOINT LEAD MANAGERS AND
JOINT BOOKRUNNERS**

Westpac
Deutsche Bank
Goldman Sachs JBWere
Macquarie
UBS

CO-MANAGERS

ABN AMRO Morgans
CommSec
Grange Securities
Ord Minnett

Important notices

About this replacement product disclosure statement (PDS)

This replacement product disclosure statement is dated 19 May 2006 and was lodged with the Australian Securities and Investments Commission (ASIC) on that date. This replacement product disclosure statement replaces the product disclosure statement lodged with ASIC on 11 May 2006 (Original PDS). References to this PDS are to this replacement product disclosure statement.

ASIC and Australian Stock Exchange Limited (ASX) take no responsibility for the content of this PDS nor for the merits of the investment to which this PDS relates.

This PDS relates to the offer of Westpac TPS at an Issue Price of \$100 each to raise approximately \$700 million with the ability to raise more or less (Offer).

Westpac TPS are preferred units in the Westpac TPS Trust (ARSN 119 504 380) established under the Trust Constitution (Trust). The Trust has been established by Westpac Funds Management Limited (ABN 28 085 352 405, AFSL No. 233718) as responsible entity of the Trust (Issuer), a wholly owned subsidiary of Westpac Banking Corporation (ABN 33 007 457 141, AFSL No. 233714) (Westpac). The Issuer as the responsible entity of the Trust is offering Westpac TPS under this PDS.

Westpac TPS are not issued by Westpac

Westpac TPS are not a deposit liability of Westpac.

Except to the extent expressly stated in this PDS:

- an investment in Westpac TPS is not an investment in, deposit with, or other liability of Westpac or any member of the Westpac Group and is subject to investment risk including possible delays in repayment and loss of income or capital invested;
- neither Westpac nor any associate of Westpac in any way guarantees the capital value and/or performance of Westpac TPS or the assets of the Trust or any particular rate of return; and
- none of the obligations of the Issuer are guaranteed in any way by Westpac or any associate of Westpac.

Defined words and expressions

Some words and expressions used in this PDS are capitalised as they have defined meanings. The Glossary in Appendix A defines these words and expressions. In addition there are definitions in relation to Westpac TPS only in clause 12.2 of the Westpac TPS Terms in Appendix B and Preference Shares only in clause 9.2 of the Preference Share Terms in Appendix C.

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

How to obtain a PDS and Application Form

This PDS will be available electronically during the Exposure Period and the Offer Period at www.westpac.com.au/investorcentre. If you access an electronic copy of this PDS, then you should ensure that you download and read the entire PDS.

Application Forms will only be available during the Offer Period with the PDS.

Eligible Securityholders can register to receive a PDS and personalised Securityholder Application Form either online at www.westpac.com.au/investorcentre or by calling the **Westpac TPS Information Line on 1 300 787 993**.

If you are a Broker Firm Applicant who wants to apply for Westpac TPS, you should contact your Syndicate Broker for a copy of the PDS and a Broker Firm Application Form.

Applications for Westpac TPS

Applications for Westpac TPS under this PDS may only be made during the Offer Period, and on an Application Form attached to, or accompanying this PDS.

You should read this PDS in its entirety before deciding to apply for Westpac TPS. If, after reading this PDS, you are unclear or have any questions about the Offer, then you should consult your financial adviser or other professional adviser.

For information on who is eligible to apply for Westpac TPS under the Offer and how to make an Application – see Section 3 for full details.

Electronic access to PDS

The following conditions apply if this PDS is accessed electronically:

- you must download the PDS in its entirety from www.westpac.com.au/investorcentre or from your Syndicate Broker's website;

- your Application will only be considered where you have Applied on an Application Form that accompanied a copy of the PDS; and
- the PDS is available electronically to persons accessing and downloading or printing the electronic version of the PDS in Australia.

No cooling-off rights apply to the issue of Westpac TPS

Cooling-off rights do not apply to an investment in Westpac TPS. This means that you cannot withdraw your Application once it has been made.

When Westpac TPS will be issued

If Westpac TPS are accepted for quotation on ASX, Westpac TPS will be issued within one month of receipt of Applications, or shortly thereafter.

Providing personal information

You will be asked to provide personal information to the Issuer (directly or via the Registry) if you apply for Westpac TPS. See Section 11.10 for information on how the Issuer (and the Registry on its behalf) collects, holds and uses this personal information. You can also obtain a copy of Westpac's privacy policy at www.westpac.com.au.

Restrictions in foreign jurisdictions

This Offer is being made in Australia only.

The distribution of this PDS (including an electronic copy) in jurisdictions outside Australia may be restricted by law. If you come into possession of this PDS 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 PDS 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 Westpac TPS or the Offer or to otherwise permit a public offering of Westpac TPS in any jurisdiction outside Australia. In particular, Westpac TPS have not been, and will not be, registered under the US Securities Act, and may not be offered or sold in the United States or to, or for the account or benefit of, a US Person, except in transactions exempt from registration requirements under the US Securities Act.

For details of the foreign selling restrictions that apply to Westpac TPS in foreign jurisdictions – see Section 11.9.

No representations other than in this PDS

You should rely only on information in this PDS. No person is authorised to provide any information or to make any representations in connection with the Offer, which is not contained in this PDS. Any information or representations not contained in this PDS may not be relied upon as having been authorised by the Issuer or Westpac in connection with the Offer. Except as required by law, and only to the extent so required, neither the Issuer, Westpac nor any other person warrants the future performance of the Trust or Westpac or any return on any investment made under this PDS.

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

This PDS does not provide investment advice – you should seek your own professional investment advice

The Offer, and the information in this PDS, does not take 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 PDS before making any decision to apply for Westpac TPS. In particular, in considering the prospects of Westpac, it is important that you consider the risk factors that could affect the financial performance and position of Westpac. You should carefully consider these factors and other information in the PDS 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 Westpac TPS. For investment risks that you should consider – see Section 7.

Information may change

Information in this PDS may change from time to time. This information may be updated and made available to you at www.westpac.com.au/investorcentre or by calling the **Westpac TPS Information Line on 1 300 787 993**. A paper copy of any updated information is available free on request. Where updated information is materially adverse to investors, the Issuer will issue a supplementary PDS.

Westpac Trust Preferred Securities

Table of Contents

| | |
|--|--------------------|
| Important notices | Inside front cover |
| Table of contents | 1 |
| Key dates | 2 |
| A new hybrid security called Westpac TPS | 4 |
| What you need to do | 7 |
| 1 Summary of Westpac TPS | 9 |
| 2 Answers to Key Questions | 17 |
| 3 Applying for Westpac TPS | 36 |
| 4 Allocation and allotment | 40 |
| 5 About the Issuer and the Trust | 43 |
| 6 About Westpac | 47 |
| 7 Investment risks | 58 |
| 8 Fees and other costs | 66 |
| 9 Taxation Letter | 70 |
| 10 Summary of important documents | 78 |
| 11 Additional information | 89 |
| Appendix A Glossary | 98 |
| Appendix B Westpac TPS Terms | 110 |
| Appendix C Preference Share Terms | 123 |
| Corporate directory | Inside back cover |

Key dates for the Offer

| | |
|---|-----------------------------|
| ■ Record date for Eligible Securityholders | 7.00pm 4 May 2006 |
| ■ Announcement of the Offer | 11 May 2006 |
| ■ Bookbuild | 17 May 2006 and 18 May 2006 |
| ■ Announcement of Initial Margin | 19 May 2006 |
| ■ Opening Date | 19 May 2006 |
| ■ Closing Date for Securityholder Offer | 5.00pm 13 June 2006 |
| ■ Closing Date for Broker Firm Offer | 10.00am 19 June 2006 |
| ■ Issue Date | 21 June 2006 |
| ■ Westpac TPS commence trading on ASX on a deferred settlement basis | 22 June 2006 |
| ■ Holding Statements despatched by | 26 June 2006 |
| ■ Westpac TPS commence trading on ASX on a normal settlement basis | 27 June 2006 |

Dates may change

These dates are indicative only and may change. The Issuer, Westpac and the Joint Lead Managers may extend the Closing Dates for the Offer, close the Offer early without notice, or withdraw the Offer at any time before Westpac TPS are issued. Accordingly, you are encouraged to apply as soon as possible after the Opening Date. The period between the Opening Date and the Closing Dates is known as the Offer Period.

Quotation of Westpac TPS on ASX

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

Making an Application

No Application will be accepted (and no Westpac TPS will be issued) until seven days after the Original PDS was lodged with ASIC. ASIC may extend that period for up to a further seven days (up to a total of 14 days) by notice in writing to the Issuer. This period is known as the Exposure Period.

Applications will only be accepted during the Offer Period. Before applying for Westpac TPS, you should read this PDS in full. Eligible Securityholders can obtain a printed copy of this PDS and a personalised Securityholder Application Form either by registering their interest online at

www.westpac.com.au/investorcentre or calling the **Westpac TPS Information Line on 1300 787 993**.

Broker Firm Applicants can obtain a Broker Firm Application Form with a copy of this PDS from their Syndicate Broker. For information on who is eligible to apply for Westpac TPS under the Offer and how to make an Application – see Section 3 for full details.

Key dates for Westpac TPS

| | |
|--|--------------------------|
| ■ Record Date for first Distribution | <i>15 September 2006</i> |
| ■ First scheduled Distribution Payment Date^{1, 2} | <i>30 September 2006</i> |
| ■ Payment of first scheduled Distribution subject to Distribution Payment Test^{1, 2} | <i>3 October 2006</i> |
| ■ Step-Up Date | <i>30 June 2016</i> |

Note:

1. The first Distribution Payment Date is not a Business Day and as a result any payment of the first Distribution will be on the next Business Day.
2. Distributions are scheduled to be paid quarterly subject to certain conditions being satisfied (the Distribution Payment Test).

A new hybrid security called Westpac TPS

What are Westpac TPS?

Westpac TPS are preferred units in the Westpac TPS Trust (Trust). The Trust is a registered managed investment scheme that has been established for the purpose of issuing Westpac TPS to retail and institutional investors in Australia and investing in Notes to be issued by Westpac. Westpac Funds Management Limited, a wholly owned subsidiary of Westpac, is the responsible entity of the Trust and the Issuer of the Westpac TPS.

Key features

Westpac TPS:

- offer Westpac TPS Holders non-cumulative floating rate Distributions which are expected to be fully franked. Distributions are scheduled to be paid quarterly subject to certain conditions being satisfied (the Distribution Payment Test). The conditions include the availability of Westpac profits and the Westpac Directors having resolved that the Distribution is to be paid.
If Westpac TPS are not Redeemed, Converted or Exchanged by the Step-Up Date (30 June 2016), the Initial Margin will increase by a one time step-up of 1.00% per annum;
- may be Redeemed for cash (subject to any required APRA approval) or Converted into Ordinary Shares at Westpac's initiation on the Step-Up Date (30 June 2016), any subsequent Distribution Payment Date and in certain other circumstances;
- automatically Exchange into Preference Shares issued by Westpac on 30 September 2055 and on other Automatic Exchange Events; and
- effectively rank for payment on a winding-up of Westpac ahead of Ordinary Shares and Westpac FIRsTS and equally with Equal Ranking Instruments, but are subordinated to Westpac depositors and other Senior Creditors.

Westpac TPS Holders have no right to request Redemption, Conversion or Exchange.

Offer size

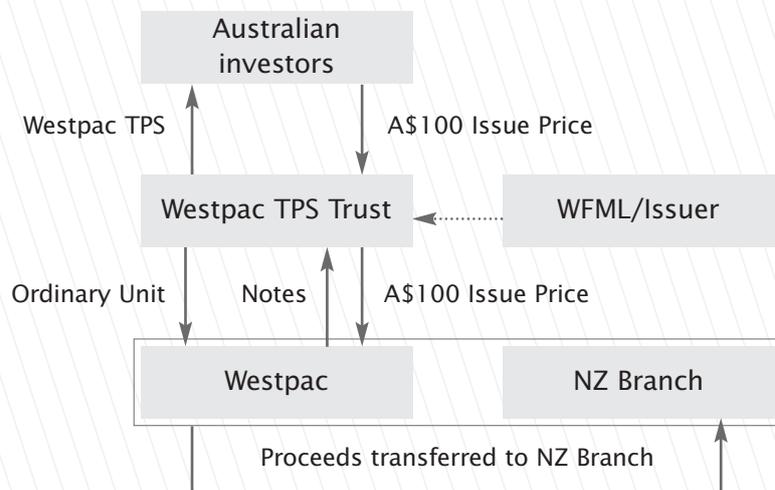
The Issuer intends to issue approximately 7 million Westpac TPS, at an Issue Price of \$100 each to raise approximately \$700 million with the ability to raise more or less.

Use of proceeds

The Trust will invest the gross proceeds of the Offer in Notes issued by Westpac. Westpac will transfer the gross proceeds from the issue of Notes to its New Zealand Branch where these proceeds will be used in the normal course of Westpac's New Zealand business.

The Offer is consistent with Westpac's capital management strategy and delivers cost-efficient capital to the Westpac Group.

The diagram below sets out the Offer structure:



Risks

There are risks involved in an investment in Westpac TPS. See Section 1 and Section 7 for further details.

A new hybrid security called Westpac TPS

Who can apply?

The Offer is being made to:

- **Eligible Securityholders** – you are an Eligible Securityholder if you were a registered holder of Westpac Ordinary Shares or a registered holder of Westpac FIRsTS at 7.00pm on 4 May 2006 and you are shown on the Register as having an address in Australia;
- **Broker Firm Applicants** – you are a Broker Firm Applicant if you are an Australian retail client of a Syndicate Broker who applies for an allocation from a Syndicate Broker through the Broker Firm Offer; and
- **Institutional Investors** – who are invited by the Joint Lead Managers.

Applications made by Eligible Securityholders may be scaled back by the Issuer.

There is no general public offer of Westpac TPS. However, the Issuer reserves the right to accept applications from persons other than Eligible Securityholders, Broker Firm Applicants and Institutional Investors at its discretion.

Applications must be for a minimum of 50 Westpac TPS (\$5,000).

When to apply

The key dates for the Offer are summarised on pages 2 and 3.

Applications will only be accepted during the Offer Period.

It is possible that the Offer will close early, so you are encouraged to lodge your Application promptly.

More information

If you have any questions regarding the Offer after you have read this PDS, please contact your financial adviser or other professional adviser.

If you are an Eligible Securityholder and have any questions on how to apply for Westpac TPS, please call the [Westpac TPS Information Line on 1300 787 993](#).

If you are a Broker Firm Applicant and have any questions on how to apply for Westpac TPS, you should contact your Syndicate Broker.

What you need to do

If you want to apply for Westpac TPS then you need to complete the following four steps:

1

Read this PDS

Read this PDS in full, paying particular attention to:

- important information on the inside front cover;
- answers to key questions in Section 2;
- investment risks that may be relevant to an investment in Westpac TPS in Sections 1 and 7; and
- the Westpac TPS Terms in Appendix B and Preference Share Terms in Appendix C.

2

Consider and consult

Consider all risks and other information about Westpac TPS in light of your particular investment objectives and your circumstances.

Consult your financial adviser or other professional adviser if you are uncertain as to whether you should apply for Westpac TPS.

3

Complete an Application Form

Eligible Securityholders: You can apply for Westpac TPS by lodging your pink personalised Securityholder Application Form.

You can register your interest to receive a copy of this PDS accompanied by your pink personalised Securityholder Application Form:

- online at www.westpac.com.au/investorcentre; or
- by calling the **Westpac TPS Information Line on 1300 787 993**.

Broker Firm Applicants: You should contact your Syndicate Broker for more information on how to submit the Broker Firm Application Form and your Application Payment.

Applications for Westpac TPS may only be made on an Application Form attached to or accompanying this PDS.

What you need to do

4 Submit your Application

If you are an Eligible Securityholder

Mail or deliver your completed pink personalised Securityholder Application Form together with your Application Payment:

by mail to the Registry:
Westpac TPS Offer
Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235

by hand delivery to the Registry:
Westpac TPS Offer
Link Market Services Limited
Level 12, 680 George Street
Sydney NSW 2000

Alternatively, you can return your completed pink personalised Securityholder Application Form in the reply-paid envelope accompanying your personalised Securityholder Application Form.

Your completed pink personalised Securityholder Application Form and Application Payment must be received by the Registry no later than the Closing Date for the Securityholder Offer, which is expected to be **5.00pm on 13 June 2006**.

If you are a Broker Firm Applicant

Contact your Syndicate Broker for instructions on how to submit the Broker Firm Application Form and Application Payment. It must be received by your Syndicate Broker in time for them to arrange settlement on your behalf by the Closing Date for the Broker Firm Offer – which is expected to be **10.00am on 19 June 2006**.

The Offer may close early, so you are encouraged to lodge your Application Forms and Application Payments promptly.

*For more information on applying for Westpac TPS see Section 3.
If you have any questions on how to apply for Westpac TPS, call the
Westpac TPS Information Line on 1300 787 993 or your Syndicate Broker.*

Summary of Westpac TPS

1

Section 1 summarises:

- the key terms of Westpac TPS; and
- investment risks that may be relevant to an investment in Westpac TPS.

This information is a summary only. You should read this summary subject to the other information contained in this PDS.

For more detail on the key terms see:

- Section 2 which provides answers to key questions about Westpac TPS and the Offer generally;
- the Westpac TPS Terms in Appendix B; and
- the Preference Share Terms in Appendix C.

For more detail on the investment risks – see Section 7.

Key terms of Westpac TPS

General

| | |
|-------------------------------------|---|
| Investment | Westpac TPS are preferred units in a registered managed investment scheme, being the Trust. |
| Issuer | Westpac Funds Management Limited as responsible entity of the Trust. The Issuer is a wholly owned subsidiary of Westpac. |
| Offer Size | Approximately \$700 million with the ability to raise more or less. |
| Issue Price | \$100 per Westpac TPS |
| Term | Westpac TPS automatically Exchange into Preference Shares on 30 September 2055 unless Redeemed, Converted or Exchanged earlier. |
| Step-Up Date | 30 June 2016 If Westpac TPS are still on issue on the Step-Up Date (i.e. they have not been Redeemed, Converted or Exchanged), the Initial Margin will increase by a one time step-up of 1.00% per annum for all subsequent Distributions. |
| Issue Date | Expected to be 21 June 2006. |
| ASX quotation | The Issuer has applied for Westpac TPS to be quoted on ASX under ASX code 'WCTPA'. |
| Expected Issue Credit Rating | 'A-' by Standard & Poor's and 'A2' by Moody's ¹ . |

Note:

1. Any Issue Credit Rating of 'BBB-' or higher from Standard & Poor's or 'Baa3' or higher by Moody's is currently considered to be investment grade – see Section 6.5 for further information on credit ratings and Section 7.1.9 for investment risks associated with credit ratings.

Distributions

Floating rate franked Distributions

Distributions are non-cumulative, based on a floating rate and are expected to be fully franked. Distributions are scheduled to be paid quarterly subject to certain conditions being satisfied (the Distribution Payment Test). The conditions include the availability of Westpac profits and the Westpac Directors having resolved that the Distribution is to be paid.

Distribution Rate

The Distribution Rate for the quarterly Distributions will be calculated using the following formula:

$$\text{Distribution Rate} = (\text{Bank Bill Rate} + \text{Margin}) \times (1 - \text{Tax Rate})$$

where:

- Bank Bill Rate** ■ the Bank Bill Rate on the first Business Day of the relevant Distribution Period;
- Margin** ■ from the Issue Date until (and including) the Step-Up Date – the Initial Margin will be 1.00% per annum;
■ after the Step-Up Date (30 June 2016) the Initial Margin will increase by a one time step-up of 1.00% per annum; and
- Tax Rate** ■ the tax rate applicable to Westpac's franking account as at the Distribution Payment Date – 30% at the date of this PDS (expressed as 0.30).

Source of Distributions

Distributions will be sourced from the Interest Payments on the Notes issued by Westpac to the Trust. The Notes are Junior Subordinated Debt Obligations of Westpac.

Distribution Payment Dates

Distributions are scheduled to be paid quarterly in arrears on 30 June, 30 September, 31 December and 31 March and on any Realisation Date (the first scheduled Distribution Payment Date being 30 September 2006).

If any of these dates are not Business Days (as is the case for the first Distribution) then any payment will be made on the next Business Day (without any interest in respect of the delay).

Key terms of Westpac TPS

Distributions continued

Franking

Distributions are expected to be fully franked. If a Distribution is not fully franked then (subject to the Distribution Payment Test) it will be grossed-up by a cash amount to compensate for the unfranked amount.

Distribution Payment Test

Distributions will be paid if the following Distribution Payment Test is satisfied:

- the Westpac Directors have resolved that the Distribution is to be paid and Westpac has notified the Issuer of that resolution;
- the Trust has received sufficient Trust Income in respect of the relevant Distribution Period;
- the amount of the Distribution does not exceed the Distributable Profits of the Westpac Group (unless APRA gives its prior approval to the payment of the Distribution); and
- APRA does not otherwise object to the payment of the Distribution.

Dividend and capital Stopper if Distributions not paid

If for any reason Distributions are not paid within 20 Business Days after a Distribution Payment Date, a dividend and capital Stopper applies to Westpac. The Stopper will generally restrict Westpac from paying distributions, interest, dividends and income, or returning capital on certain of its other Capital Securities – see Section 2.6.12.

There are certain limited exceptions to the Stopper.

The Stopper will be lifted if during the following 12 months the Issuer pays all scheduled Distributions in full or pays an Optional Distribution (subject to APRA approval) equal to the scheduled but unpaid Distributions from the last 12 months.

Distributions paid to the Ordinary Unitholder

Trust Income in respect of a Distribution Period which exceeds the aggregate Distributions to Westpac TPS Holders, or which is not distributed to Westpac TPS Holders because the Distribution Payment Test is not satisfied, will be distributed to Westpac as the Ordinary Unitholder on the Distribution Payment Date. It is envisaged that there will be such a payment to Westpac each Distribution Period.

Redemption for cash or Conversion into Ordinary Shares

Redemption or Conversion at Westpac's initiation

Westpac may initiate Redemption (subject to any required APRA approval) or Conversion for:

- all or some Westpac TPS on the Step-Up Date or any Distribution Payment Date after the Step-Up Date;
- all or some Westpac TPS at any time following an Acquisition Event, Regulatory Event or Tax Event;
- all (but not some only) Westpac TPS at any time following a Trust Event; and
- all (but not some only) Westpac TPS at any time if the aggregate Issue Price of Westpac TPS on issue is less than \$50 million.

Cash or Ordinary Shares

If Westpac initiates Redemption or Conversion, the Issuer will do either or a combination of the following:

- Redeem Westpac TPS for \$100 cash each; or
- Convert Westpac TPS for a number of Ordinary Shares calculated using the Conversion Number.

Redemption or Conversion by Westpac TPS Holders

Westpac TPS Holders have no right to request Redemption or Conversion.

Conversion Number

The number of Ordinary Shares to be issued for each Westpac TPS that is Converted will be the lesser of the Maximum Conversion Number and the number of Ordinary Shares calculated by dividing:

- \$100; by
- the average of the daily volume weighted average sale prices of Ordinary Shares sold on ASX (VWAP) during the 20 Business Days on which trading in Ordinary Shares took place immediately before the relevant Realisation Date, reduced by the Conversion Discount of 2.5%.

If Conversion has occurred as a result of a Trust Event the Conversion Discount will be zero.

Maximum Conversion Number

50, subject to adjustment in accordance with the Westpac TPS Terms.

Key terms of Westpac TPS

Exchange into Preference Shares

Automatic Exchange

Westpac TPS will automatically Exchange into Preference Shares upon the occurrence of an Automatic Exchange Event. These are an Event of Default, an APRA Event (unless APRA determines otherwise) or Westpac TPS being on issue on 30 September 2055.

Each Westpac TPS will Exchange into one Preference Share with a Preference Share Issue Price of \$100.

Terms of Preference Shares

Preference Shares are issued by Westpac under the Preference Share Terms (see Appendix C).

Exchange by Westpac TPS Holders

Westpac TPS Holders have no right to request Exchange.

Ranking on winding-up

Ranking of Westpac TPS

Westpac TPS effectively rank for payment on a winding-up of Westpac ahead of Ordinary Shares and Westpac FIRsTS and equally with Equal Ranking Instruments, but are subordinated to Westpac depositors and other Senior Creditors.

Summary of key risks

Key investment risks

Investors should consider carefully the risks associated with investing in Westpac TPS, as well as risks associated with Westpac itself. These risks may affect the value of the Westpac TPS, the Distributions that are scheduled to be paid on the Westpac TPS, or both. The risks associated with investing in Westpac TPS are described in detail in Section 7 of this PDS. Some of the key areas of risk are also summarised below.

Market price and liquidity

- The market price for Westpac TPS may fluctuate due to various factors (including those set out in Section 7.1.1). It is possible that Westpac TPS may trade at a market price below the Issue Price.
- In addition, the market for Westpac TPS may be less liquid than the market for Ordinary Shares. Westpac TPS Holders who wish to sell their Westpac TPS may be unable to do so at an acceptable price, or at all, if insufficient liquidity exists in the market for Westpac TPS.

Changes in the Distribution Rate

- The Distribution Rate will fluctuate (both increasing and decreasing) over time with movement in the Bank Bill Rate. There is a risk that these rates may become less attractive when compared to the rates of return available on comparable securities.

Distributions may not be paid

- There is a risk that Distributions will not be paid (see Section 7.1.3). Sections 2.6.9 to 2.6.11 summarise when Distributions may not be paid and the consequences of non-payment.

Summary of key risks

Westpac's financial performance and position

- The value of your investment in Westpac TPS may be influenced by Westpac's financial performance and position, regardless of when, if ever, your Westpac TPS are Converted or Exchanged. See Section 7.2 for specific risks associated with an investment in Westpac.

Redemption or Conversion at Westpac's initiation only

- Westpac may initiate Redemption or Conversion in certain circumstances before the Step-Up Date or on dates not previously contemplated by you, which may be disadvantageous in light of market conditions or your individual circumstances. See Section 2.7.4 for a description of the circumstances in which this may occur and Sections 7.1.10, 7.1.11 and 7.1.13 for specific risks.

No fixed maturity date

- Westpac TPS have no fixed maturity date. Westpac TPS Holders have no right to request Redemption or Conversion. If an Automatic Exchange Event occurs, Westpac TPS will automatically Exchange into Preference Shares with no fixed maturity date.

These risks also apply to Preference Shares (if issued).

You should read the whole of this PDS carefully. If you are unclear in relation to any matter or uncertain if Westpac TPS are a suitable investment for you, you should consult your financial adviser or other professional adviser.

Answers to Key Questions

2

This Section answers some key questions you may have about the Westpac TPS. The answers to these key questions are intended as a guide only. Further details are provided in other sections of this PDS, which you should read in its entirety. The Westpac TPS Terms are set out in Appendix B and the Preference Share Terms are set out in Appendix C.

- 2.1 Description of Westpac TPS
- 2.2 The Offer and Applications
- 2.3 Use of proceeds and involvement of Westpac
- 2.4 Ordinary Unit
- 2.5 Regulatory and Taxation
- 2.6 Distributions
- 2.7 Redemption or Conversion of Westpac TPS
- 2.8 Exchange of Westpac TPS
- 2.9 Return of your investment generally
- 2.10 Ranking and voting rights of Westpac TPS
- 2.11 Comparison of Westpac TPS to Westpac FIRsTS
- 2.12 Preference Shares
- 2.13 Payment for Westpac TPS
- 2.14 Additional questions

2.1 Description of Westpac TPS

2.1.1 What are Westpac TPS?

Westpac TPS are preferred units in the Westpac Trust (Trust). The Trust is a registered managed investment scheme and has been established for the purpose of issuing Westpac TPS to retail and institutional investors in Australia and investing in Notes. Westpac TPS are issued under the Trust Constitution, which includes the Westpac TPS Terms.

Westpac TPS:

- offer Westpac TPS Holders non-cumulative floating rate Distributions which are expected to be fully franked. Distributions are scheduled to be paid quarterly subject to certain conditions being satisfied (the Distribution Payment Test). The conditions include the availability of Westpac profits and the Westpac Directors having resolved that the Distribution is to be paid.

If Westpac TPS are not Redeemed, Converted or Exchanged by the Step-Up Date the Initial Margin will increase by a one time step-up of 1.00% per annum – see Section 2.6;

- may be Redeemed for cash (subject to any required APRA approval) or Converted into Ordinary Shares at Westpac's initiation on the Step-Up Date (30 June 2016) or on any Distribution Payment Date after that date and in certain other specified circumstances – see Section 2.7;
- automatically Exchange into Preference Shares issued by Westpac on 30 September 2055 and on other Automatic Exchange Events – see Section 2.8; and
- effectively rank for payment on a winding-up of Westpac ahead of Ordinary Shares and Westpac FIRsTS and equally with Equal Ranking Instruments, but are subordinated to Westpac depositors and other Senior Creditors – see Section 2.10.1.

Westpac TPS Holders have no right to request Redemption, Conversion or Exchange.

2.1.2 Who is issuing Westpac TPS?

The Issuer of Westpac TPS is Westpac Funds Management Limited as responsible entity for the Trust. The Issuer is a wholly owned subsidiary of Westpac.

For more information on the Issuer, the Issuer's Directors and the Issuer's role as responsible entity of the Trust – see Section 5.1.

2.1.3 Can Westpac TPS be traded on ASX?

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

If Westpac TPS are quoted on ASX you should be able to sell your Westpac TPS or buy more Westpac TPS at the market price at the time through any stockbroker in Australia. There can be no assurances as to what that price will be. It is expected that Westpac TPS will trade under ASX code 'WCTPA'.

2.1.4 Are Westpac TPS independently rated?

The Issuer expects that, on issue, the Westpac TPS will be assigned an issue credit rating of 'A-' by Standard & Poor's and 'A2' by Moody's.

Any Issue Credit Rating of 'BBB-' or higher from Standard & Poor's or 'Baa3' or higher by Moody's is currently considered to be investment grade.

For more information on credit ratings relevant to the Offer – see Section 6.5 and for information about the risks associated with credit ratings – see Section 7.1.9.

2.2 The Offer and Applications

2.2.1 What is the Offer?

The Offer is for the issue of Westpac TPS at an Issue Price of \$100 each to raise approximately \$700 million with the ability to raise more or less.

2.2.2 What are the risks of investing in the Offer?

There are particular risks associated with investing in Westpac TPS. There are also specific risks associated with an investment in Westpac which may be relevant to an investment in Westpac TPS, Ordinary Shares or Preference Shares.

For more information on the investment risks of investing in Westpac TPS – see Section 7.

2.2.3 What are the taxation consequences of investing in the Offer?

The taxation consequences of investing in the Offer will depend on your individual circumstances. You should obtain your own taxation advice before you invest in Westpac TPS.

For more information on the Australian taxation consequences of an investment in Westpac TPS and Preference Shares – see the Taxation Letter from Allens Arthur Robinson in Section 9.

2.2.4 Who can apply for Westpac TPS?

You may apply for Westpac TPS if you are:

- an Eligible Securityholder;
- an Australian resident client of any of the Syndicate Brokers; or
- an Institutional Investor invited by the Joint Lead Managers to bid for Westpac TPS in the Bookbuild.

Applications from Eligible Securityholders may be scaled back.

There is no general public offer of Westpac TPS. However, the Issuer reserves the right to accept Applications from persons other than Eligible Securityholders, Broker Firm Applicants and Institutional Investors at its discretion.

For more information on who can apply for Westpac TPS – see Section 3.1 and for information about Allocation – see Section 4.

2.2.5 How can you apply for Westpac TPS?

Details of how to apply for Westpac TPS are set out in Section 3.

If you are an Eligible Securityholder, instructions on how to complete your personalised pink

Securityholder Application Form are set out on the reverse side of that form. If you are a Broker Firm Applicant, instructions on how to complete your Broker Firm Application Form are set out on that form.

For more information on how to apply, how to pay, completing an Application Form and where to send your Application – see Section 3.

2.2.6 Is there a minimum Application amount?

If you wish to apply for Westpac TPS, then you must pay \$100 per Westpac TPS upon Application. You may apply for a minimum of 50 Westpac TPS (\$5,000). If you apply for more than 50 Westpac TPS, then you must apply for multiples of 10 Westpac TPS – that is for incremental multiples of at least \$1,000.

2.3 Use of proceeds and involvement of Westpac

2.3.1 What will the Issuer do with the proceeds of the Offer?

The gross proceeds of the Offer will be invested in Notes issued by Westpac. Westpac will transfer the gross proceeds from the issue of Notes to its New Zealand Branch where these proceeds will be used in the normal course of Westpac's New Zealand business.

The Offer is consistent with Westpac's capital management strategy and delivers cost-efficient capital to the Westpac Group.

2.3.2 What is the Trust?

The Trust is a special purpose non-operating trust established solely for the purpose of issuing Westpac TPS and investing in Notes. The Trust was registered as a managed investment scheme on 10 May 2006.

There are two classes of units issued by the Trust:

- preferred units which are Westpac TPS offered under this PDS; and
- an Ordinary Unit issued to Westpac when the Trust was established.

The Ordinary Unit has certain important rights.

For more information on the Trust see Section 5.2 and on the Trust Constitution – see Section 10.2.
On the rights and obligations of the Ordinary Unit – see Section 10.2.

2.3.3 What is the Trust Income and how is it used?

The principal source of income for the Trust is the Interest Payments on the Notes. Interest Payments on the Notes are not guaranteed and are subject to the Interest Payment Test.

The Trust Income in respect of a Distribution Period is the amount determined by the Issuer as being the income of the Trust under ordinary concepts. This will be the net amount of cash available for distribution by the Issuer in respect of the Distribution Period. It includes any cash the Issuer would have been entitled to receive except for the operation of the Payment Settlement Deed – see Section 2.4.3.

Distributions to Westpac TPS Holders are distributions of the Trust Income. Any Trust Income in respect of a Distribution Period in excess of the aggregate amount of the Distributions to be made to Westpac TPS Holders for that Distribution Period will be distributed to Westpac as the Ordinary Unitholder.

For more information on the distribution rights attaching to Westpac TPS – see Section 2.6. On the rights of the Ordinary Unit – see Section 2.4.2, Section 2.6.13 and Section 10.2.

2.3.4 Will the Trust Income be the same as the accounting income of the Trust?

Not necessarily. The Trust Income, which is relevant for the purposes of paying Distributions, may differ from the income of the Trust under applicable accounting standards.

The preparation of the annual financial statements of the Trust under applicable accounting standards is independent of and does not affect the determination of Trust Income.

For more information on the accounting treatment of Westpac TPS, Ordinary Unit and Notes for the Trust – see Section 5.2 and for the Westpac Group see Section 6.4.

2.3.5 How is Westpac involved?

Westpac TPS are issued by Westpac Funds Management Limited as responsible entity of the Trust. The Issuer is a wholly owned subsidiary of Westpac. Westpac TPS are not a deposit liability or security of Westpac. Payment of Distributions and return of capital is not guaranteed by the Issuer, the Trust or Westpac. Westpac does not guarantee the obligations of the Issuer under the Westpac TPS Terms.

Westpac is the Issuer of the Notes under the Note Deed, which are the principal assets of the Trust. The Notes are Junior Subordinated Debt Obligations of Westpac. This means they are subordinated to Westpac depositors and other Senior Creditors which include creditors under Westpac's higher ranking subordinated debt.

Westpac is paying the costs of the Offer. It has also agreed with the Issuer in the Undertaking Deed to:

- issue Ordinary Shares on Conversion and Preference Shares on Exchange to Westpac TPS Holders and comply with the Stopper and other obligations necessary to give effect to the Westpac TPS Terms; and
- reimburse the Issuer for ongoing expenses and indemnify the Issuer for liabilities, in connection with the Trust, for so long as the Issuer is a member of the Westpac Group.

If Westpac TPS are Converted into Ordinary Shares then Westpac will be the direct issuer of the Ordinary Shares and will be committed to perform its obligations under the Westpac Constitution.

If Westpac TPS are Exchanged into Preference Shares, then Westpac will be the direct issuer of the Preference Shares and will be committed to perform its obligations as set out in the Preference Share Terms.

Westpac is a Joint Lead Manager to the Offer and is appointed and will be paid fees under the Offer Management Agreement.

Westpac is also entitled, as the Ordinary Unitholder, to distributions on the Ordinary Unit.

For more information on rights attaching to the Notes – see Section 10.4.
On the Undertaking Deed – see Section 10.5.
On the rights attaching to Ordinary Shares – see Section 10.3.
On the rights attaching to Preference Shares – see Section 2.12 and the Preference Share Terms in Appendix C.
On the Offer Management Agreement – see Section 10.6.
On the rights attaching to the Ordinary Unit – see Sections 2.4 and 10.2.

2.3.6 What happens if Westpac's involvement changes?

If the responsible entity of the Trust ceases to be a member of the Westpac Group, Westpac's agreement to reimburse the Issuer for ongoing expenses of the Trust and indemnify the Issuer for liabilities in connection with the Trust ceases to apply. The Issuer would then seek to recover these amounts from the Trust assets, which may impact on its ability to pay Distributions. If the Issuer is removed or retires as responsible entity of the Trust without Westpac's consent, Westpac may decide the change of responsible entity is a Trust Event which would allow Westpac to initiate Redemption (subject to any required APRA approval) or Conversion – see Section 2.7.10.

If Westpac or another member of the Westpac Group ceases to hold the Ordinary Unit, the Undertaking Deed terminates. However, under the Trust Constitution, the Ordinary Unit may only be transferred within the Westpac Group and may not be redeemed.

2.4 Ordinary Unit

2.4.1 What is the Ordinary Unit?

The Ordinary Unit is a unit in the Trust issued to Westpac on establishment of the Trust. The Ordinary Unit is in a separate class of units to Westpac TPS, and the terms attaching to the Ordinary Unit are different to those attaching to Westpac TPS. The Ordinary Unit may not be redeemed and must be held by a member of the Westpac Group. The key rights are described in this Section 2.4.

2.4.2 What are the income and capital rights of the Ordinary Unitholder?

The Ordinary Unitholder is entitled to any residual Trust Income or capital of the Trust not distributed to Westpac TPS Holders under the Trust Constitution or Westpac TPS Terms.

The Issuer expects that (subject to the Interest Payment Test on the Notes) the Trust Income in respect of each Distribution Period will exceed the aggregate amount of the Distributions to be made to Westpac TPS Holders for that Distribution Period. The excess Trust Income in respect of the Distribution Period will be distributed to Westpac as the Ordinary Unitholder – see Section 2.6.13.

In addition to these quarterly distributions of excess Trust Income to Westpac as the Ordinary Unitholder, if there is Trust Income in respect of a Distribution Period which is not distributed to Westpac TPS Holders because the Distribution Payment Test is not satisfied, that amount will also be distributed to the Ordinary Unitholder.

For more information on the rights attaching to the Ordinary Unit – see Section 10.2.

2.4.3 What is the Payment Settlement Deed?

Under the Payment Settlement Deed, the Issuer and Westpac have agreed that the Issuer's obligation to make distributions to Westpac as Ordinary Unitholder will be offset against Westpac's obligation to make Interest Payments on the Notes, rather than satisfied in cash.

For more information on the Payment Settlement Deed – see Section 10.7.

2.4.4 What is the nature of the Ordinary Unitholder's right of consent?

Under the Trust Constitution, each Westpac TPS Holder agrees not to exercise their right to amend or vary the Trust Constitution or any right attaching to Westpac TPS or the Ordinary Unit in a manner which the Ordinary Unitholder reasonably considers and notifies the Issuer may adversely affect its interests or those of Westpac without the consent of the Ordinary Unitholder.

2.5 Regulatory and Taxation

2.5.1 Who is APRA?

APRA is the Australian Prudential Regulation Authority which is the prudential regulator of the Australian financial services industry. It oversees banks, credit unions, building societies, general insurance and reinsurance companies, life insurance, friendly societies, and most members of the superannuation industry. APRA is funded largely by the industries that it supervises. APRA was established on 1 July 1998.

Prudential standards set by APRA define the capital adequacy standards for APRA-regulated entities including Westpac as an Authorised Deposit-taking Institution. The APRA Prudential Standard (APS 110 – Capital Adequacy) aims to ensure that Authorised Deposit-taking Institutions maintain adequate capital to support the risks associated with their activities on both a stand-alone and group basis. It outlines the overall framework adopted by APRA for assessing an Authorised Deposit-taking Institution's capital adequacy.

APRA's website at www.apra.gov.au includes further details of its functions, prudential standards and guidelines.

2.5.2 How are Westpac TPS treated by APRA for regulatory capital purposes?

The proceeds of the Offer will satisfy the current prudential guidelines for Tier 1 Capital as set by APRA.

For more information on Westpac's capital management and capital ratios – see Section 6.2.
On the pro-forma financial effect of the issue of Westpac TPS on Westpac's capital adequacy – see Section 6.4.2.

2.5.3 Could regulatory changes affect Westpac TPS?

If there is a regulatory change and Westpac determines (based on advice from a reputable legal counsel) that the regulatory change has certain specified effects, then a Regulatory Event will occur and Westpac may choose to initiate Redemption (subject to any required APRA approval) or Conversion – see Section 2.7.4.

For more information on Regulatory Events – see Section 2.7.8.

2.5.4 Could tax changes affect Westpac TPS?

If there is a tax change and Westpac receives an opinion from a reputable legal counsel or another tax adviser that the tax change will have certain specified effects, then a Tax Event will occur and Westpac may choose to initiate Redemption (subject to any required APRA approval) or Conversion – see Sections 2.7.4 and 2.7.9.

If there is a change in the Tax Rate, the Distribution Rate will change accordingly – see the formula for calculating the Distribution Rate in Section 2.6.2.

For more information on Tax Events – see Section 2.7.9.
On the consequences of a change in the Tax Rate and the formula for calculating the Distribution Rate – see clause 2.1 of the Westpac TPS Terms.

2.6 Distributions

2.6.1 What are Distributions?

Distributions are payments of Trust Income to be made to Westpac TPS Holders.

Distributions are non-cumulative, based on a floating rate, expected to be fully franked and subject to the Distribution Payment Test – see Section 2.6.9. Distributions will be sourced from Interest Payments on the Notes issued by Westpac to the Trust.

Distributions are scheduled to be paid quarterly in arrears and are calculated based on the Distribution Rate and the number of days in a Distribution Period using the following formula:

$$\text{Distribution} = \frac{\text{Distribution Rate} \times \text{Issue Price} \times \text{N}}{365}$$

where:

Distribution Rate is calculated using the formula in Section 2.6.2;

Issue Price is \$100 per Westpac TPS; and

N is the number of days in the Distribution Period – from (but excluding) the previous scheduled Distribution Payment Date, or from (and including) the Issue Date in the case of the first Distribution Period, to (and including) the relevant Distribution Payment Date.

As an example, if the fully franked Distribution Rate was 4.8183% per annum as calculated in Section 2.6.2, then the Distribution on each Westpac TPS for an indicative Distribution Period of 90 days would be calculated as follows:

| | |
|--|-------------------|
| Fully franked Distribution Rate | 4.8183% per annum |
| Multiplied by the Issue Price | x \$100.00 |
| Multiplied by the number of days in the Distribution Period ¹ | x 90 |
| Divided by the number of days in a year | ÷ 365 |
| Fully franked Distribution² | \$1.1881 |

Notes:

1. Distribution Periods will generally be 90-92 days. The first Distribution Period is an exception as it starts on the Issue Date and includes the first Distribution Payment Date, and comprises 102 days.
2. All calculations of payments will be rounded to four decimal places. Any fraction of a cent is disregarded when paying Distributions on a Westpac TPS Holder's aggregate holding of Westpac TPS. The Distribution Rate on which this calculation is based and the Distribution above are for illustrative purposes only and do not indicate, guarantee or forecast the actual Distribution.

2.6.2 How will the Distribution Rate be determined?

The Distribution Rate is a floating rate and will be set on the first Business Day of each Distribution Period by using the following formula:

$$\text{Distribution Rate} = (\text{Bank Bill Rate} + \text{Margin}) \times (1 - \text{Tax Rate})$$

where:

Bank Bill Rate is the Bank Bill Rate on the first Business Day of the Distribution Period (or for the first Distribution Period, the Issue Date) or on the date determined by the Issuer in good faith in certain circumstances;

Margin is:

- from the Issue Date until (and including) the Step-Up Date – the Initial Margin will be 1.00% per annum; and
- after the Step-Up Date (30 June 2016) the Initial Margin will increase by a one time step-up of 1.00% per annum; and

Tax Rate is the Australian corporate tax rate applicable to the franking account of Westpac as at the Distribution Payment Date expressed as a decimal. As at the date of this PDS, the relevant rate is 30% or, expressed as a decimal in the formula, 0.30.

As an example, if the Bank Bill Rate on the Issue Date was the same as on 17 May 2006, and given the Initial Margin of 1.00%, the Distribution Rate for the first Distribution Period (from the Issue Date to 30 September 2006) would be calculated as follows:

| | |
|--|--------------------------------------|
| Bank Bill Rate (i.e. Bank Bill Rate at 17 May 2006) | 5.8833% per annum |
| Plus the Initial Margin | 1.00% per annum |
| Equivalent grossed-up Distribution Rate | 6.8833% per annum |
| Multiplied by (1 – Tax Rate) | 0.70 |
| Fully franked Distribution Rate | 4.8183%¹ per annum |

Note:

1. The calculation of the Distribution Rate will be rounded to four decimal places. The Distribution Rate above is for illustrative purposes only and does not indicate the actual Distribution Rate. It is not a guarantee or forecast of the actual Distribution Rate that may be achieved. The actual Distribution Rate may be higher or lower than this.

2.6.3 What is the Bank Bill Rate?

The Bank Bill Rate is determined from a key per annum benchmark interest rate for the Australian money market, commonly used by major Australian financial institutions to lend short-term cash to each other over a 90-day period. This rate changes to reflect the supply and demand within the cash and currency markets. The graph in Section 7.1.2 illustrates the movement in the 90-day Bank Bill Rate over the last 20 years.

The Bank Bill Rate is used in the Distribution Rate formula and Section 2.6.2 sets out how it will be determined for each Distribution Period. The Bank Bill Rate is also used to determine the Dividend Rate in relation to Preference Shares, determined each Dividend Period.

For more information on the definition of Bank Bill Rate – see clause 2.1 of the Westpac TPS Terms and clause 2.1 of the Preference Share Terms.

2.6.4 When will Distributions be paid?

Distributions are scheduled to be paid quarterly on the Distribution Payment Dates subject to the Distribution Payment Test. The first scheduled Distribution Payment Date is 30 September 2006.

If a Distribution Payment Date is not a Business Day (as is the case for the first Distribution), then any Distribution will be paid on the next Business Day (without any interest in respect of the delay).

Distribution Periods are from (but excluding) the preceding scheduled Distribution Payment Date to (and including) the next Distribution Payment Date – except for the first Distribution Period which is from (and including) the Issue Date to (and including) the first Distribution Payment Date.

Distribution Rates for a Distribution Period are generally determined on the first Business Day of the Distribution Period.

After the first Distribution Period, the Distribution Rate will generally be determined and the Distribution will be paid on the following dates each year. If any of these days are not a Business Day, then the Distribution Rate will be determined and the Distribution paid on the next Business Day.

| Distribution Rate determined: | Distribution Payment Date: |
|-------------------------------|----------------------------|
| 1 July | 30 September ¹ |
| 1 October | 31 December |
| 2 January ² | 31 March |
| 1 April | 30 June |

Notes:

1. The first scheduled Distribution Payment Date (30 September 2006) is not a Business Day. The Distribution Payment will be made on the next Business Day, 3 October 2006.
2. 1 January is a public holiday in Australia and as a result the Distribution Rate will always be determined on the next Business Day.

Distributions are paid to persons who are Westpac TPS Holders on the Record Date in respect of the Distribution.

For more information on the Record Date – see clause 12 of the Westpac TPS Terms.

2.6.5 Will your Distributions be fully franked?

The Issuer expects, but does not guarantee, that Distributions will be fully franked. This means that Distributions would carry full franking credit benefits. However, if a Distribution is not fully franked, then it will be grossed-up for any shortfall in franking under clause 2.2 of the Westpac TPS Terms. In addition, if there is a change in the Tax Rate, the Distribution Rate will change accordingly – see the formula for calculating the Distribution Rate in Section 2.6.2.

For more information on the franking and other taxation consequences for Westpac TPS and Preference Shares – see the Taxation Letter from Allens Arthur Robinson in Section 9.

2.6.6 What happens if Distributions are only partially franked?

If a Distribution is only partially franked, then the Distribution will be grossed-up for the shortfall in franking. This means the Distribution is increased by a cash amount to compensate for the unfranked amount of the Distribution. The payment of the grossed-up Distribution is subject to the Distribution Payment Test. Under the Notes Terms, Interest Payments will also be grossed-up by Westpac by a corresponding amount – see Section 10.4.

If the grossed-up Distribution is not paid by the Issuer, then the Stopper will apply to Westpac – see Section 2.6.12.

Under the Preference Share Terms, Dividends on Preference Shares (if issued) will also be grossed-up by Westpac in a similar way under clause 2.2 of the Preference Share Terms.

Distributions and Dividends will not be grossed-up if the Distribution or Dividend is only partially franked because of any act by, or circumstance affecting, any particular Westpac TPS Holder or Preference Shareholder.

2.6.7 How will your Distributions be paid?

Distributions will only be paid in Australian dollars. The Issuer intends to pay Distributions directly into an Australian dollar account of a financial institution nominated by you and recorded by the Registry.

If you are Allotted any Westpac TPS, when you are sent your Holding Statement you will receive a form on which you can provide your Australian dollar financial institution account details.

If you do not provide these details to the Registry, or any Distribution paid to you is unsuccessful, then you will be sent a notice advising you of the amount of the Distribution. In that case the funds will be held in a trust account maintained by the Issuer as a non-interest bearing deposit or paid by the Issuer under legislation relating to unclaimed monies.

The Issuer reserves the right to vary the way in which any Distribution is paid under clause 8.5 of the Westpac TPS Terms.

For more information on how your Distributions will be paid – see clause 8 of the Westpac TPS Terms.

2.6.8 Will Distributions always be paid?

There is no guarantee that Distributions will always be paid as they are subject to the Distribution Payment Test.

Distributions will only be paid if Westpac pays Interest Payments on the Notes so the Trust has received sufficient Trust Income to pay the Distributions and the other aspects of the Distribution Payment Test are satisfied.

Interest Payments on the Notes will only be paid if the Interest Payment Test, which corresponds with the Distribution Payment Test described in the next paragraph (except that the Trust Income test does not apply), is satisfied.

For more information on the Interest Payment Test – see Section 10.4.3.

2.6.9 What is the Distribution Payment Test?

Distributions will be paid if the following Distribution Payment Test is satisfied:

- the Westpac Directors have resolved that the Distribution is to be paid and Westpac has notified the Issuer of that resolution;
- the Trust has received sufficient Trust Income in respect of the Distribution Period;

- the amount of the Distribution does not exceed the Distributable Profits of Westpac and its controlled entities (unless APRA gives its prior approval to the payment of the Distribution); and
- APRA not otherwise objecting to the payment of the Distribution.

For more information on the Distribution Payment Test – see clause 2.3 of the Westpac TPS Terms.

2.6.10 What are Distributable Profits?

Broadly, Distributable Profits are:

- the consolidated net profits after tax of the Westpac Group for the last two half yearly financial periods for which results have been publicly announced (or another amount determined by APRA); less
- the aggregate amount of dividends and distributions paid or payable by a member of the Westpac Group on all Tier 1 Capital instruments (which includes dividends on Ordinary Shares, but not intra-group dividends) on or before the Distribution Payment Date during the current financial year of Westpac.

For more information on the definition of Distributable Profits – see clause 12.2 of the Westpac TPS Terms and clause 9.2 of the Preference Share Terms.
On the investment risks associated with Westpac's financial performance and position which could affect Westpac's profits – see Section 7.2.
On the Westpac Group's financial position and performance – see Section 6.

2.6.11 What happens if a Distribution is not paid in full?

Distributions are non-cumulative. If a Distribution is not paid in full because the Distribution Payment Test is not satisfied, you will not receive the unpaid portion of that Distribution unless the Issuer makes up that payment through an Optional Distribution (subject to APRA approval).

An Optional Distribution must be paid by the Issuer if:

- the Westpac Directors have resolved that all or part of a Distribution (referred to as an Optional Distribution) is to be paid on a date notified to Westpac TPS Holders and Westpac has notified the Issuer of that resolution;

- the Optional Distribution to be paid (subject to APRA approval) does not exceed the aggregate unpaid amount of any Distributions which were scheduled to be paid in the 12 months prior to the date of payment of the Optional Distribution;
- the Trust has received sufficient Trust Income for the relevant Distribution Period by the date of payment of the Optional Distribution to pay the Optional Distribution and any other Distribution scheduled for payment by that date; and
- APRA has approved the Optional Distribution.

For more information on the definition of Optional Distribution – see clause 2.5 of the Westpac TPS Terms.

2.6.12 Is there any consequence for Westpac if a Distribution is not paid?

Yes. If for any reason a Distribution is not paid within 20 Business Days of a Distribution Payment Date then a dividend and capital Stopper will apply to Westpac. The Stopper will generally restrict Westpac, unless it obtains approval by Special Resolution of Westpac TPS Holders, from:

- declaring or paying any interest, dividends or income distributions on Capital Securities ranking equally with or below Notes for those payments;
- reducing, redeeming, cancelling or acquiring for any consideration, any Capital Securities (other than Capital Securities ranking equally with or ahead of Notes for a return of capital on winding-up of Westpac).

Capital Securities are any equity, hybrid or subordinated debt capital securities that are issued by Westpac and which are or comprise part of an instrument that is Westpac's Tier 1 Capital, which includes Ordinary Shares but does not include Notes.

The Stopper will no longer apply if:

- four consecutive Distributions scheduled to be paid after the Distribution Payment Date for the Distribution that has not been paid are paid in full;

- the Issuer pays an Optional Distribution (subject to APRA approval), equal to the aggregate amount of any unpaid Distributions scheduled to be paid in the 12 months before the date of payment of the Optional Distribution;
- all Westpac TPS are Redeemed, Converted or Exchanged; or
- a Special Resolution of Westpac TPS Holders has been passed approving the otherwise restricted action.

There are a limited number of exceptions to the Stopper, including that Westpac is allowed to make proportionate payments on the Notes and Capital Securities which rank equally with the Notes for the relevant payments.

For more information on circumstances when the Stopper does not apply – see clause 2.7 of the Westpac TPS Terms.

2.6.13 Payments to the Ordinary Unitholder

As described in Section 2.4.2, any Trust Income in respect of a Distribution Period in excess of the aggregate amount of the Distributions to be made to Westpac TPS Holders will be distributed to Westpac as Ordinary Unitholder on the Distribution Payment Date.

It is envisaged that there will be such a payment to Westpac each Distribution Period. To illustrate this, in Section 2.6.2 the example of the fully franked Distribution Rate for the first Distribution Period was 4.8183%. However, the corresponding example Interest Rate on the Notes, using the same example Bank Bill Rate would be 6.0833%. The Ordinary Unitholder would be entitled to the difference.

For more information on the Interest Payments on the Notes – see Section 10.4.3.

2.7 Redemption or Conversion of Westpac TPS

2.7.1 What is Redemption?

Redemption is the process through which (subject to any required APRA approval) Westpac TPS are Redeemed and you are paid \$100 in cash for each of your Westpac TPS that is Redeemed.

Redemption also applies to Preference Shares (if issued).

For more information on the details of Redemption – see clauses 3 and 4 of the Westpac TPS Terms and clause 3 of the Preference Share Terms.

2.7.2 What is Conversion?

Conversion is the process through which you receive a number of Ordinary Shares calculated by using the Conversion Number for each of your Westpac TPS that are being Converted – see Section 2.7.5.

Conversion also applies to Preference Shares (if issued).

For more information on the details of Conversion – see clauses 3, 4 and 6 of the Westpac TPS Terms and clause 3 of the Preference Share Terms.

2.7.3 Can you request Redemption or Conversion?

No. You are not able to request Redemption or Conversion of Westpac TPS. The same applies to Preference Shares (if issued).

2.7.4 When can Westpac initiate Redemption or Conversion?

The Issuer may elect to Redeem (subject to any required APRA approval) or Convert at Westpac's initiation:

- all or some Westpac TPS on the Step-Up Date or any Distribution Payment Date after the Step-Up Date;
- all or some Westpac TPS at any time following an Acquisition Event, Regulatory Event or Tax Event;
- all (but not some only) Westpac TPS at any time following a Trust Event; and
- all (but not some only) Westpac TPS at any time if the aggregate Issue Price of Westpac TPS on issue is less than \$50 million.

To elect to Redeem or Convert the Issuer must give an Issuer Notice. In the case of Redemption or Conversion on the Step-Up Date or a subsequent Distribution Payment Date, the Issuer Notice must be delivered no less than 21 Business Days (but no

more than three months) before the Step-Up Date or the relevant Distribution Payment Date.

If the Westpac Directors resolve to initiate Redemption or Conversion in the circumstances listed above and Westpac notifies the Issuer of their resolution by issuing a notice to the Issuer, the Issuer must do as Westpac requires and give an Issuer Notice to Westpac TPS Holders to Redeem or Convert. At the same time, Westpac must redeem or convert Notes in a corresponding manner.

2.7.5 If your Westpac TPS are Converted how many Ordinary Shares will you receive?

On Conversion, the number of Ordinary Shares you will receive for each Westpac TPS that is Converted will be the lesser of the Maximum Conversion Number and the number of Ordinary Shares calculated using the following formula:

$$\text{Conversion Number} = \frac{\text{Issue Price}}{\text{VWAP} \times (1 - \text{Conversion Discount})}$$

The Conversion Number will be calculated by reference to the Issue Price and the VWAP during the 20 Business Days on which trading in Ordinary Shares took place immediately before the Realisation Date. The Conversion Number includes a 2.50% discount to the VWAP called the Conversion Discount (except in the case of Conversion on a Trust Event, in which case the Conversion Discount is zero).

The Maximum Conversion Number is currently 50. On that basis, the value of Ordinary Shares you would receive on Conversion would be less than the Issue Price if the VWAP on Conversion is less than \$2.00.

The VWAP and the Maximum Conversion Number may be adjusted to reflect transactions affecting the capital of Westpac (including capital reconstructions, bonus and rights issues and off-market buy-backs and other capital returns) as set out in the Westpac TPS Terms and the Preference Share Terms.

For more information on the Conversion Number formula – see clause 6.2 of the Westpac TPS Terms.

2.7.6 When will you be paid your cash on Redemption or be issued Ordinary Shares on Conversion?

The day on which you will be paid your cash on Redemption or be issued Ordinary Shares on Conversion is called a Realisation Date which will vary depending on what has caused Westpac to initiate Redemption or Conversion.

For more information on when Realisation Dates will be determined – see clause 4.2 of the Westpac TPS Terms and clause 3.4 of the Preference Share Terms.

2.7.7 What is an Acquisition Event?

An Acquisition Event occurs when:

- a takeover bid is made to acquire some or all of the Ordinary Shares, the offer is or becomes unconditional and either the bidder has a relevant interest in more than 50% of Ordinary Shares on issue or the Westpac Directors recommend acceptance of the takeover bid; or
- a court orders a meeting to approve a scheme of arrangement which will result in a person having a relevant interest in more than 50% of Ordinary Shares on issue after the scheme is implemented and either the members of Westpac pass a resolution approving the scheme or an independent expert has said the proposal is in the best interest of Ordinary Shareholders.

On an Acquisition Event Westpac may initiate Redemption (subject to any required APRA approval) or Conversion of Westpac TPS or Preference Shares (if issued).

For more information on the definition of Acquisition Event – see clause 12.2 of the Westpac TPS Terms and 9.2 of the Preference Share Terms.

2.7.8 What is a Regulatory Event?

A Regulatory Event occurs when:

- Westpac receives advice from a reputable legal counsel that, as a result of any amendment to, clarification of or change in any laws or regulations of Australia or New Zealand, or as a result of certain administrative actions (whether or not those things are the subject of an announcement before the Issue Date), additional requirements will be imposed on the Issuer or

Westpac in relation to the Westpac TPS, Notes or Preference Shares (if issued), or there would be a negative impact on the Issuer, Westpac, Westpac TPS Holders or Preference Shareholders which Westpac determines in its sole discretion to be unacceptable; or

- Westpac determines that there is a risk that Westpac TPS, Notes or Preference Shares (if issued) will not be included (in whole or in part) in Westpac's Tier 1 Capital on a level 1, level 2 or level 3 basis.

On a Regulatory Event Westpac may initiate Redemption (subject to any required APRA approval) or Conversion of Westpac TPS or Preference Shares (if issued).

For more information on the definition of Regulatory Event – see clause 12.2 of the Westpac TPS Terms and clause 9.2 of the Preference Share Terms.
On risks in relation to the regulatory classification of Westpac TPS – see Section 7.1.10 and Section 7.1.13.

2.7.9 What is a Tax Event?

A Tax Event occurs when Westpac receives advice from a reputable legal counsel or other tax adviser in Australia or New Zealand that, as a result of a change to, or clarification of, Australian or New Zealand law or certain other judicial, administrative or other regulatory action, there is a more than insubstantial risk that:

- Westpac would be exposed to a more than insignificant increase in its costs (including grossing-up for withholding tax in relation to Notes or Preference Shares (if issued)) or any Westpac TPS Holders or Preference Shareholders would be similarly exposed;
- there would be more than an insignificant increase in the taxes, duties or government charges imposed on Westpac in respect of Notes or Preference Shares (if issued), the Issuer in respect of Westpac TPS or Notes, or Westpac TPS Holders or Preference Shareholders;
- Notes or Preference Shares (if issued) would not be treated as equity interests for Australian tax purposes, or any Interest Payment on Notes or Dividends on Preference Shares (if issued) would not be a frankable dividend or distribution, or Westpac TPS Holders or Preference Shareholders would be denied or otherwise not entitled to

franked Distributions or Dividends, or franking debits would be posted to Westpac's franking account; or

- any Interest Payments on Notes or expenditure on hedging arrangements in relation to Notes are not deductible by Westpac, or there is an adverse change in deductibility for New Zealand tax purposes.

On a Tax Event Westpac may initiate Redemption (subject to any required APRA approval) or Conversion of Westpac TPS or Preference Shares (if issued).

*For more information on the definition of Tax Event – see clause 12.2 of the Westpac TPS Terms.
On risks in relation to the taxation treatment of Westpac TPS – see Section 7.1.11.*

2.7.10 What is a Trust Event?

A Trust Event occurs if:

- the Issuer is removed or retires as responsible entity of the Trust without Westpac's consent; or
- Westpac TPS Holders requisition a meeting to wind up the Trust or to approve an amendment to the Trust Constitution, or to remove the Issuer as responsible entity, without Westpac's consent to the winding-up, amendment or removal; or
- the ability of the Issuer to Redeem is or will be impaired or removed.

On a Trust Event the Issuer may initiate Redemption (subject to any required APRA approval) or Conversion of Westpac TPS only, as a Trust Event does not apply for Preference Shares (if issued).

If Conversion has occurred as a result of a Trust Event the Conversion Discount will be zero.

For more information on the definition of Trust Event – see clause 12.2 of the Westpac TPS Terms.

2.8 Exchange of Westpac TPS

2.8.1 What is Exchange?

Exchange is the process where your Westpac TPS are automatically Exchanged into Preference Shares issued by Westpac. Exchange will only occur if an Automatic Exchange Event occurs – see Section 2.8.4.

The Preference Share Terms are included in Appendix C and largely correspond to the Westpac TPS Terms included in Appendix B.

For more information on answers to key questions about Preference Shares – see Section 2.12.

2.8.2 Can you request Exchange?

No. You are not able to request Exchange.

2.8.3 Can Westpac require Exchange?

No. Exchange will occur automatically on an Automatic Exchange Event.

2.8.4 What is an Automatic Exchange Event?

An Automatic Exchange Event is any of:

- an Event of Default which means:
 - a Liquidation Event occurs in relation to Westpac;
 - Westpac ceases or suspends the conduct of all of its business; or
 - Westpac makes a payment in breach of the Stopper;
- an APRA Event (unless APRA determines otherwise) which means:
 - APRA determines in writing that Westpac has a Tier 1 Capital Ratio of less than 5% or a Total Capital Adequacy Ratio of less than 8% (or in either case other percentages as APRA may require);
 - APRA issues a directive under section 11CA of the *Banking Act 1959* (Cth) for Westpac to increase its capital, or appoints a statutory manager to Westpac under section 13A(1) of the Banking Act or commences proceedings to wind-up Westpac; or
 - the retained earnings of Westpac fall below zero.
- Westpac TPS are still on issue on 30 September 2055.

If an Automatic Exchange Event occurs, all Westpac TPS on issue will Exchange into Preference Shares directly issued by Westpac. On Exchange, Westpac

TPS will be redeemed and Westpac TPS Holders will receive one Preference Share for each Westpac TPS.

For more information on the definition of Automatic Exchange Event, Event of Default, Liquidation Event and APRA Event – see clauses 5.2 and 12.2 of the Westpac TPS Terms.

2.9 Return of your investment generally

2.9.1 Are your Distributions and capital invested in Westpac TPS guaranteed?

No. Your Distributions and capital invested in Westpac TPS are not guaranteed by the Issuer, Westpac or the Trust.

The value of Westpac TPS as quoted on ASX may be lower or higher than the Issue Price paid by you for Westpac TPS. This may be due to a number of factors including prevailing interest rates, other economic factors, Westpac's financial performance and position and the Distributions actually paid.

In certain circumstances Westpac TPS may be Converted or Exchanged, or the Preference Shares (if issued) may themselves be Converted. In these circumstances, your capital would be directly exposed to movements in the price of Ordinary Shares traded on ASX and the financial performance and position of Westpac.

2.9.2 Will you be able to request repurchase of your Westpac TPS once you have invested in them?

No. You may not require the Issuer to repurchase your Westpac TPS. You have no right to request Redemption, Conversion or Exchange. To realise your investment, you can sell your Westpac TPS on ASX at the prevailing market price. There can be no assurance as to the liquidity or the market for Westpac TPS. The market price of Westpac TPS may be higher or lower than the Issue Price, and will depend, among other things, on the level of supply and demand for Westpac TPS.

2.9.3 Could Redemption, Conversion or Exchange not occur?

Yes. In the unlikely event of a winding-up of Westpac, it is possible that Redemption, Conversion or Exchange may not occur as contemplated. For

example, Westpac may be prevented from issuing Ordinary Shares or Preference Shares after the commencement of a winding-up of Westpac unless a court orders otherwise.

If on a winding-up of Westpac, Westpac TPS have not been Redeemed, Converted or Exchanged, Westpac TPS Holders will be entitled to be paid an amount for each Westpac TPS equal to the Termination Amount – see Section 2.10.1. This amount may be less than a full return of capital and any Distribution due and unpaid at that time.

For more information on the ranking of Westpac TPS and the Termination Amount – see Section 2.10.1. On the factors that could affect the financial position of Westpac – see Section 7.2.

2.9.4 How are Foreign Westpac TPS Holders treated on Conversion or Exchange?

Where Westpac TPS held by a Foreign Westpac TPS Holder are to be Converted or Exchanged, then, if Westpac determines and notifies the Issuer that it would be unreasonable to issue Ordinary Shares or Preference Shares to that Foreign Westpac TPS Holder, having regard to legal compliance costs and other specified criteria, Ordinary Shares or Preference Shares which the Foreign Westpac TPS Holder is obliged to accept will be issued to a nominee and sold. The net cash proceeds will then be distributed to the Foreign Westpac TPS Holder.

For more information on the treatment of Foreign Westpac TPS Holders on Conversion or Exchange – see clause 10.2 of the Westpac TPS Terms.

2.10 Ranking and voting rights of Westpac TPS

2.10.1 Where do Westpac TPS rank for Distributions and in a winding-up of the Issuer or Westpac?

Westpac TPS are not a deposit liability or debt instrument of Westpac and payment of Distributions and cash redemption proceeds are not guaranteed by the Issuer, Westpac or any member of the Westpac Group. The principal assets of the Trust are the Notes which are Junior Subordinated Debt Obligations of Westpac.

Distributions on Westpac TPS effectively rank equally with the Equal Ranking Debentures (currently TPS 2003 and 2004 Debentures) and the FIRsTS Debentures and ahead of Ordinary Shares, for payment out of the profits of the Westpac Group.

In the unlikely event of a winding-up of Westpac, an Automatic Exchange Event will occur and Westpac TPS will Exchange into Preference Shares. Preference Shares rank:

- ahead of Ordinary Shares and FIRsTS Preference Shares (as upon winding-up, FIRsTS Preference Shares will have become Ordinary Shares);
- equally with any Equal Ranking Preference Shares (currently the TPS 2003 and 2004 Preference Shares if issued); and
- behind all of Westpac's liabilities and debt, including to depositors and other Senior Creditors.

If in the unlikely event of a winding-up of Westpac, Westpac TPS have not been Redeemed, Converted or Exchanged, Westpac TPS Holders are entitled to be paid the Termination Amount for each Westpac TPS. This is an amount for each Westpac TPS up to its Issue Price and any Distribution due and unpaid at the commencement of the winding-up of Westpac or if less actual cash is available to the Issuer for distribution to Westpac TPS Holders, a proportionate share of that cash. The claim for the Termination Amount effectively ranks ahead of Ordinary Shares and Westpac FIRsTS (as on winding-up Westpac FIRsTS will have converted to Ordinary Shares) and equally with the Equal Ranking Instruments but is effectively subordinated to Westpac depositors and other Senior Creditors.

If the Trust is wound up then the net proceeds of the realisation of the Trust assets will be distributed first to Westpac TPS Holders, up to the Termination Amount for each Westpac TPS, and the balance (if any) will be distributed to the Ordinary Unitholder.

For more information on the return of capital in a winding-up – see clause 8.3 of the Westpac TPS Terms and clause 4 of the Preference Share Terms. See also Section 10.4.1 in relation to the ranking of the Notes.

2.10.2 Is the Issuer or Westpac restricted in relation to other securities it may issue?

The Issuer will not issue any units in the Trust other than the Westpac TPS issued in relation to this Offer and the Ordinary Unit.

Westpac may issue other securities (including other notes or preference shares which rank equally with, ahead of or behind Notes or Preference Shares) without the approval of Westpac TPS Holders (or Preference Shareholders, if Preference Shares are issued). In addition, Westpac may issue without the approval of Westpac TPS Holders (or Preference Shareholders, if Preference Shares are issued) other securities that rank equally with, ahead of or behind, Notes or Preference Shares for interest, dividends or repayment of capital in a winding-up of Westpac.

For more information on the investment risks associated with the ability of the Issuer or Westpac to issue other securities – see Section 7.1.12.

2.10.3 Do Westpac TPS have any participation rights?

No. Westpac TPS do not carry a right to participate in issues of securities or capital reconstructions of the Issuer or Westpac.

2.10.4 Do you have voting rights?

Yes. As a Westpac TPS Holder you will be entitled to vote at any meetings of Westpac TPS Holders convened under the Trust Constitution.

You will not have any voting rights at any meeting of Ordinary Shareholders unless your Westpac TPS or Preference Shares (if issued) have been Converted. If your Westpac TPS have been Exchanged for Preference Shares you will have limited rights to vote at a meeting of Westpac shareholders.

For more information on the voting rights attaching to Ordinary Shares – see Section 10.3.4. On the voting rights attaching to Preference Shares – see clause 5 of the Preference Share Terms.

2.10.5 Can the Westpac TPS Terms be amended?

Subject to the Ordinary Unitholder's rights – see Section 2.4.2 – and to complying with the Corporations Act and all other applicable laws, and with APRA's prior approval (if required), the Westpac TPS Terms may be amended without the consent of the Westpac TPS Holders in certain circumstances. If the Issuer reasonably considers that the amendments will adversely affect Westpac TPS Holders' rights the amendment may only be made if it has been approved by a Special Resolution.

2.11 Comparison of Westpac TPS and Westpac FIRsTS

2.11.1 Are Westpac TPS the same as Westpac FIRsTS?

No. The Westpac TPS and the Westpac FIRsTS differ considerably. While Westpac TPS and Westpac FIRsTS are both trust-based hybrid securities which qualify as Tier 1 Capital for Westpac under the APRA guidelines, the instruments differ in several key respects, including in relation to expected distribution rate and franking, redemption, conversion and exchange, and ranking on a winding-up of Westpac.

2.12 Preference Shares

2.12.1 What are Preference Shares?

Preference Shares are fully paid preference shares in the capital of Westpac issued if an Automatic Exchange Event occurs. Preference Shares will be issued under the Preference Share Terms in Appendix C.

Preference Shares (if issued) are Redeemable (subject to any required APRA approval) for cash or Convertible into a number of Ordinary Shares at Westpac's initiation in certain circumstances.

Preference Shares (if issued):

- offer Preference Shareholders a preferred, non-cumulative floating rate Dividend which is calculated substantially in the same way as a Distribution and is expected to be fully franked.

Dividends are scheduled to be paid quarterly subject to certain conditions being satisfied (the Distribution Payment Test). The conditions include the availability of Westpac profits and the Westpac Directors in their discretion having resolved that the Dividend is payable;

- may be Redeemed (subject to any required APRA approval) or Converted at Westpac's initiation on the Step-Up Date (expected to be 30 June 2016) or on any Dividend Payment Date after the Step-Up Date and in certain other specified circumstances;
- if they are not Redeemed or Converted by the Step-Up Date the Initial Margin on Preference Shares will increase by a one time step-up of 1.00% per annum; and
- rank for payment on a winding up of Westpac ahead of Ordinary Shares and any FIRsTS Preference Shares and equally with any Equal Ranking Preference Shares, and after Westpac's depositors and other Senior Creditors.

Westpac may issue other securities that rank equally with, ahead or behind Preference Shares for dividends or repayment of capital in a winding-up of Westpac without the approval of Preference Shareholders.

Preference Shareholders have no right to request Redemption or Conversion.

Preference Shares are not deposit liabilities of Westpac and payment of Dividends and cash amounts on Redemption are not guaranteed by Westpac or any member of the Westpac Group.

2.12.2 Will Preference Shares be quoted on ASX?

If Preference Shares are issued, Westpac will apply for Preference Shares to be quoted on ASX. Quotation is not guaranteed. If Preference Shares are quoted on ASX you should be able to sell your Preference Shares or buy more Preference Shares at the market price at that time through any stock broker in Australia. There can be no assurance as to what that price will be.

Any Preference Shares issued will be quoted separately on ASX to Westpac TPS, Westpac FIRsTS and Ordinary Shares.

2.12.3 How do Westpac TPS compare to Preference Shares?

In the event that Preference Shares are issued, the following table details some of the key differences between Preference Shares and Westpac TPS.

| | Westpac TPS | Preference Shares |
|---|---|---|
| Issuer | Westpac Funds Management Limited | Westpac |
| Qualify as Tier 1 Capital | Yes | Yes |
| Distributions/ Dividends | Distribution = (Margin + 90 day Bank Bill Rate) x (1 – Tax Rate) | Dividend = (Margin + 90 day Bank Bill Rate) x (1 – Tax Rate) |
| Payment of Distributions/ Dividends | Subject to the Distribution Payment Test | Subject to the Dividend Payment Test, which corresponds to the Distribution Payment Test except that (as the Trust will no longer be relevant) the Trust Income test does not apply |
| Franking | Expected to be fully franked and subject to cash amount gross-up of any unfranked amount | Expected to be fully franked and subject to cash amount gross-up of any unfranked amount |
| Stopper | Dividend and capital Stopper applies to Westpac in the case of non-payment for any reason of Distributions 20 Business Days after the Distribution Payment Date | Dividend and capital Stopper applies to Westpac in the case of non-payment for any reason of Dividends 20 Business Days after Dividend Payment Date |
| Redemption or Conversion at Westpac's initiation | Redeemable (subject to any required APRA approval) for \$100 cash and Convertible for a number of Ordinary Shares calculated using the Conversion Number at Westpac's initiation on the Step-Up Date and in certain specified circumstances – see Section 2.7.4 | Redeemable (subject to any required APRA approval) for \$100 cash and Convertible for a number of Ordinary Shares calculated using the Conversion Number at Westpac's initiation in the same circumstances as Westpac TPS. As the Trust is no longer relevant there are no Trust Events for Preference Shares |
| Ranking on winding up | Effectively rank for payment on a winding-up of Westpac ahead of Ordinary Shares and Westpac FIRsTS and equally with Equal Ranking Instruments, but are subordinated to Westpac depositors and other Senior Creditors | Rank for payment on a winding-up of Westpac ahead of Ordinary Shares and any FIRsTS Preference Shares (as upon winding-up FIRsTS Preference Shares will have become Ordinary Shares), equally with any Equal Ranking Preference Shares (currently TPS 2003 and 2004 Preference Shares, if issued) and after all of Westpac's liabilities and debt, including to depositors and other Senior Creditors |

2.13 Payment for Westpac TPS

2.13.1 What will you be required to pay?

The Issue Price for each Westpac TPS is \$100. The minimum number of Westpac TPS that you can apply for is 50, requiring a minimum Application amount of \$5,000. Applications for greater than the minimum Application amount must be in multiples of 10 Westpac TPS – that is \$1,000. No further payment is required upon Application.

2.13.2 Is brokerage or stamp duty payable?

No brokerage or stamp duty is payable on your Application. You may have to pay brokerage on any subsequent trading of your Westpac TPS on ASX after Westpac TPS have been quoted on ASX.

2.13.3 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 to the Issuer following the issue of Westpac TPS. The costs of establishing the Trust and of carrying out the Offer are being paid by Westpac. The Issuer is not entitled to receive a management fee from the Trust and, while the Issuer is a member of the Westpac Group, will not recover expenses from the Trust. Under the Trust Constitution and the Undertaking Deed, Westpac is required to reimburse the Issuer for ongoing management costs of the Trust while the Issuer is a member of the Westpac Group. Westpac is entitled to an arranging fee in relation to the Offer. However, the fee is only payable if the Trust receives certain input tax credit benefits (and equals the credits received). It will not be paid from other assets of the Trust. The details of these arrangements are set out in Sections 10.2.18 and 10.5.2. Section 8 sets out in further detail the fees and costs relating to the operation of the Trust.

For more information on fees and costs – see Sections 8, 10.2.18 and 10.5.2.

2.13.4 Will any other amounts be deducted from the Trust?

Generally no. The Issuer is entitled to be indemnified out of the assets of the Trust for any liability incurred by it in properly performing or exercising any of its powers or duties in relation to the Trust. However, the Issuer will not exercise this right to the extent that it is entitled to be indemnified for such liabilities by Westpac under the Undertaking Deed.

The Issuer may deduct from Distributions and other payments to a Westpac TPS Holder the amount of any withholding or other tax, duty or levy required by law to be deducted.

For more information on the Issuer's indemnity see Section 10.2.17. On deductions from payments see Section 5.2 of the Westpac TPS Terms.

2.13.5 What happens if the responsible entity of the Trust ceases to be a member of the Westpac Group?

If the responsible entity of the Trust ceases to be a member of the Westpac Group, Westpac's agreement under the Undertaking Deed to reimburse the Issuer for expenses and indemnify the Issuer for liabilities in connection with the Trust ceases to apply. The Issuer would then seek to recover these amounts from the Trust assets, which may impact on its ability to pay Distributions.

2.14 Additional questions

2.14.1 Does the Issuer or Westpac take into account labour standards, environmental, social and ethical standards in selecting investments?

As the Trust is only able to invest in the Notes issued by Westpac, it is not possible for the Issuer to, and the Issuer does not, take into account labour standards, or environmental, social and ethical considerations for the purpose of selecting, retaining or realising investments for the Trust.

Westpac's commitment to operating in a sustainable and socially responsible manner is outlined in the Westpac social accountability charter, "Our Principles for Doing Business". Westpac reports annually against the policies and practices contained within the charter through its Stakeholder Impact Report, which measures Westpac's performance against over 100 social, financial and environmental key performance indicators. Both of these documents are available at www.westpac.com.au.

2.14.2 Is there a cooling-off period?

No. Cooling-off rights do not apply to any investment in Westpac TPS.

2.14.3 What can you do if you have a complaint about the Offer?

The Issuer provides an investor service facility that is equipped to handle complaints. If a Westpac TPS Holder has a complaint it should be made to the Registry:

Link Market Services Limited
Level 12
680 George Street
Sydney NSW 2000

or

Locked Bag A14
Sydney South NSW 1235
Telephone: 1300 787 993

The Trust Constitution also contains a dispute resolution process, which the Issuer must follow in relation to complaints.

In all cases, if a Westpac TPS Holder is dissatisfied with the response, the Westpac TPS Holder can raise the complaint directly with the Financial Industry Complaints Service (FICS):

Financial Industry Complaints Service Limited
PO Box 579, Collins Street West
Melbourne Vic. 8007
Telephone: 1300 780 808

Westpac TPS Holders should first try to resolve their concerns with the Issuer or Westpac before contacting the Financial Industry Complaints Service.

2.14.4 Can you set-off any amounts that you owe to the Issuer or Westpac?

If there are any amounts that you owe the Issuer as a Westpac TPS Holder or Westpac as a Preference Shareholder (if Preference Shares are issued) you have no right to set-off those amounts owing against any claims for amounts owing by the Issuer or Westpac to you.

2.14.5 How can you find out more information about the Offer?

A number of relevant documents are available free of charge from the Issuer or Westpac during the Offer Period – see Section 11.2.2.

If, after reading this PDS, you have any questions, then please contact your financial adviser or other professional adviser or call the [Westpac TPS Information Line on 1300 787 993](tel:1300787993).

The contact details for the Issuer are:

Westpac Funds Management Limited
Level 25
60 Martin Place
Sydney NSW 2000
Telephone (in Australia): 1300 787 993

Applying for Westpac TPS

3

This Section sets out what you must do if you wish to apply for Westpac TPS, including:

- who may apply;
- how to obtain a PDS;
- when and how to apply;
- how to pay; and
- other information relevant to your Application.

3.1 Who may apply

You may apply for Westpac TPS if you are:

- an Eligible Securityholder – that is a registered Ordinary Shareholder or registered holder of Westpac FIRsTS at 7.00pm on 4 May 2006 who is shown on the register to have an address in Australia – through the Securityholder Offer; or
- a Broker Firm Applicant – that is an Australian resident retail client of a Syndicate Broker who applies for a broker firm allocation from a Syndicate Broker – through the Broker Firm Offer.

Applications made by Eligible Securityholders may be scaled back by the Issuer. For the Allocation policy in relation to the Securityholder Offer – see Section 4.2.3.

There is no general public offer of Westpac TPS. However, the Issuer reserves the right to accept applications from persons other than Eligible Securityholders, Broker Firm Applicants and Institutional Investors at its discretion.

No action has been taken to register or qualify Westpac TPS or otherwise permit a public offer of Westpac TPS in any jurisdiction outside Australia where such an offer is made under the laws in that jurisdiction. For details on foreign selling restrictions – see Section 11.9.

3.2 Obtaining a PDS

3.2.1 Eligible Securityholders

If you are an Eligible Securityholder who wants to apply for Westpac TPS, you must apply on a pink personalised Securityholder Application Form.

To receive a printed copy of this PDS and your pink personalised Securityholder Application Form, register your interest either:

- online at www.westpac.com.au/investorcentre; or
- by calling the **Westpac TPS Information Line** on **1300 787 993**.

The Issuer intends to mail a copy of this PDS and a pink personalised Securityholder Application Form after the Opening Date to Eligible Securityholders who have requested a PDS.

3.2.2 Broker Firm Applicants

If you are a Broker Firm Applicant who wants to apply for Westpac TPS, you must apply on a Broker Firm Application Form. To receive a copy of this PDS and your Broker Firm Application Form, you should contact your Syndicate Broker.

3.3 When to apply

Applications will only be accepted during the Offer Period, which is expected to open on 19 May 2006.

The Securityholder Offer has a different Closing Date to the Broker Firm Offer. The Closing Date for:

- the Securityholder Offer is expected to be **5.00pm on 13 June 2006**. Completed pink Securityholder Application Forms and Application Payments must be received by the Registry no later than that time; and
- the Broker Firm Offer is expected to be **10.00am on 19 June 2006**. Completed Broker Firm Application Forms and Application Payments must be received by Syndicate Brokers in accordance with arrangements made between them and the Broker Firm Applicant and in sufficient time for the Syndicate Broker to process that Application by the Closing Date – see Section 3.4.2.

The Issuer, Westpac and the Joint Lead Managers may agree to extend the Closing Dates, to close the Offer early without notice, or to withdraw the Offer at any time before Westpac TPS are issued. Also, ASIC may extend the Exposure Period by up to seven days in which case the Opening Date will be varied accordingly without notice. You are encouraged to lodge your Application as soon as possible after the Opening Date.

3.4 How to apply

3.4.1 Eligible Securityholders

If you are an Eligible Securityholder and want to apply for Westpac TPS, then you must complete and return your pink personalised Securityholder Application Form during the Offer Period which is expected to start on 19 May 2006. Instructions on how to complete your pink personalised Securityholder Application Form are set out on the reverse side of that form.

Your completed pink personalised Securityholder Application Form and Application Payment should be returned to either of the addresses below so that they are received by the Registry before the Closing Date:

by mail to the Registry:

Westpac TPS Offer
Link Market Services Limited
Locked Bag A14
Sydney South NSW 1235

or

by hand delivery to the Registry:

Westpac TPS Offer
Link Market Services Limited
Level 12, 680 George Street
Sydney NSW 2000.

Alternatively, you can return your completed pink personalised Securityholder Application Form in the reply-paid envelope accompanying your personalised Securityholder Application Form.

Application Forms and Application Payments will not be accepted at any other address (including the Issuer's or Westpac's registered office or any other Westpac office or branch) or by any other means.

3.4.2 Broker Firm Applicants

If you are a Broker Firm Applicant, then you should contact your Syndicate Broker for instructions on how to submit a Broker Firm Application Form and Application Payment.

Your completed Broker Firm Application Form and Application Payment must be sent directly to your Syndicate Broker so that it is received in sufficient time for it to process your Application by the Closing Date for the Broker Firm Offer, which is expected to be 10.00am on 19 June 2006.

3.5 How to pay

3.5.1 Minimum Application amount

The Application price of each Westpac TPS is \$100, also referred to as the Issue Price. Your Application must be for a minimum of 50 Westpac TPS (\$5,000). If your Application is for more than 50 Westpac TPS, then you must apply in incremental multiples of 10 Westpac TPS – that is, for incremental multiples of at least \$1,000.

The Issuer, Westpac and the Joint Lead Managers reserve the right to reject any Application, or to Allocate any Eligible Securityholder a lesser number of Westpac TPS than applied for.

3.5.2 Eligible Securityholders

If you are an Eligible Securityholder and you are submitting an Application then your completed pink Securityholder Application Form must be accompanied by an Application Payment in the form of a cheque(s) or money order(s) in Australian dollars drawn on an Australian branch of a financial institution and made payable to '**Westpac TPS Offer**'.

Cheque(s) should be crossed 'not negotiable'. Cash payments will not be accepted.

All Application Payments received by the Registry before Westpac TPS are issued will be held by the Issuer in a trust account established solely for the purpose of depositing Application Payments received. Any interest that accrues on the trust account will be retained by the Issuer.

3.5.3 Broker Firm Applicants

If you are a Broker Firm Applicant, then you should make your Application Payment in accordance with arrangements made between you and a Syndicate Broker – see Section 3.4.2.

3.5.4 Brokerage and stamp duty

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

3.5.5 Refunds

If you are an Eligible Securityholder and you are not Allotted any Westpac TPS or you are Allotted fewer Westpac TPS than the number that you applied for as a result of a scale back, Application Payments 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.

3.6 Other information relevant to your Application

3.6.1 Provision of bank account details for Distributions or Dividends

The Issuer will pay your Distributions or Westpac will pay your Dividends (if Preference Shares are issued) directly into an Australian dollar account of a financial institution nominated by you.

The Registry will send you a personalised direct credit form requesting your account details when your Holding Statement is despatched to you. Please complete and return this direct credit form as soon as possible.

3.6.2 Provision of Tax File Number or Australian Business Number

If you are issued any Westpac TPS, then the Registry will provide you with a form (when your Holding Statement is despatched to you) that will request that you provide your Tax File Number (TFN), Australian Business Number (ABN) or both.

You do not have to provide your TFN or ABN. However, the Issuer or Westpac, as the case may be, might be required to withhold Australian tax at the maximum marginal tax rate (currently 48.5% including the Medicare Levy) on the amount of any Distribution or Dividend unless you provide one of the following:

- TFN;
- TFN exemption number (if applicable); or
- ABN (if Westpac TPS or Preference Shares are held in the course of an enterprise carried on by you).

3.6.3 Provision of personal information

The information about you included on an Application Form is used for the purposes of processing the Application and, if the Application is successful, to administer your Westpac TPS (and, if they are issued in the future upon Conversion or Exchange, your holding of Ordinary Shares or Preference Shares). For information about the acknowledgements and privacy statement in relation to personal information that you provide the Issuer and Westpac by completing an Application Form – see Section 11.10.

3.7 Enquiries

3.7.1 Eligible Securityholders

You can call the **Westpac TPS Information Line on 1300 787 993** on Monday to Friday between 8.30am and 5.30pm if you:

- have further questions on how to apply for Westpac TPS;
- require assistance to complete your pink personalised Securityholder Application Form; or
- require additional copies of this PDS and/or your pink personalised Securityholder Application Form.

3.7.2 Broker Firm Applicants

If you have further questions about the Offer or your Application, you should contact your Syndicate Broker.

Further information on the Offer is also available at www.westpac.com.au/investorcentre.

If you are unclear in relation to any matter or are uncertain if Westpac TPS 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 what action you should take, you should immediately contact your Syndicate Broker.

Allocation and allotment

4

This Section sets out details of the Issuer's and Westpac's intentions in relation to:

- who the Offer is made to and the Allocation policy; and
- details about ASX quotation, trading and despatch of Holding Statements if Westpac TPS are issued.

4.1 Offer

The Offer comprises:

- a Securityholder Offer made to Eligible Securityholders;
- a Broker Firm Offer made to Broker Firm Applicants; and
- an Institutional Offer made to certain Institutional Investors who have been invited by the Joint Lead Managers to bid for Westpac TPS under the Bookbuild.

There is no minimum amount to be raised by the Offer and the Issuer may accept any Applications. Whilst there is no specified proportion of the Offer that may be Allocated to the Securityholder Offer, the Issuer, Westpac and the Joint Lead Managers reserve the right to scale back Applications from Eligible Securityholders and to treat Applications in excess of \$250,000 as part of the Institutional Offer.

4.2 Allocation policy

The Allocation policy for Syndicate Brokers and Institutional Investors has been determined following the Bookbuild – see Section 4.2.1. The Joint Lead Managers in consultation with the Issuer and Westpac have nominated the persons to whom Westpac TPS will be Allocated following the Bookbuild, including in respect of firm Allocations to Syndicate Brokers and Institutional Investors.

Allocations for the Securityholder Offer will be determined by the Issuer and Westpac in consultation with the Joint Lead Managers at the close of the Securityholder Offer. Any scale back will be announced on ASX on the day Westpac TPS commence trading on a deferred settlement basis – expected to be 22 June 2006.

4.2.1 Bookbuild

The Bookbuild is a process that was conducted by the Joint Lead Managers in consultation with the Issuer and Westpac before the Opening Date to determine the Initial Margin and firm Allocations of Westpac TPS to Syndicate Brokers and Institutional Investors. In this process, Co-Managers, Institutional

Investors and certain other brokers were invited to lodge bids for a number of Westpac TPS within the Initial Margin range of 1.00% to 1.10% per annum. On the basis of those bids, the Issuer, Westpac and the Joint Lead Managers determined the Initial Margin and firm Allocations to Co-Managers, Institutional Investors and other brokers (the other brokers who received a firm Allocation are known as Participating Brokers and become a Syndicate Broker). The Bookbuild was conducted under the terms and conditions agreed by the Issuer, Westpac and the Joint Lead Managers in the Offer Management Agreement – see Section 10.6.

Westpac TPS Allocated firm to Syndicate Brokers and Institutional Investors under the Bookbuild will be issued through applications made under this PDS.

4.2.2 Settlement underwriting

The Joint Lead Managers excluding Westpac have agreed with the Issuer and Westpac to settlement underwrite the number of Westpac TPS Allocated to Syndicate Brokers and Institutional Investors under the Bookbuild. Settlement underwrite means that if any of the Syndicate Brokers or Institutional Investors fail to deliver valid applications including Application Payments in respect of Westpac TPS allocated to them in the Bookbuild to the Issuer by the settlement date (which is the day before the Issue Date) the Joint Lead Managers will be issued and pay for those Westpac TPS. According to the Offer Management Agreement, as part of this settlement underwriting, the Joint Lead Managers will pay to the Issuer, or procure payment to the Issuer of, the aggregate proceeds raised from Syndicate Brokers and Institutional Investors under the Bookbuild by the settlement date.

The Offer Management Agreement may be terminated by the Joint Lead Managers in certain circumstances. If the Offer Management Agreement is terminated, Syndicate Brokers and Institutional Investors who participated in the Bookbuild can withdraw their firm Allocations.

For details of the fees to be paid to the Joint Lead Managers and the Syndicate Brokers – see Section 10.6.

4.2.3 Allocations

| | |
|----------------------|---|
| Institutional Offer | Allocations to Institutional Investors have been determined by the Joint Lead Managers in consultation with the Issuer and Westpac. |
| Broker Firm Offer | Allocations to Broker Firm Applicants by a Syndicate Broker are at the discretion of that Syndicate Broker. Broker Firm Allocations to Syndicate Brokers have been determined by the Joint Lead Managers in consultation with the Issuer and Westpac. |
| Securityholder Offer | <p>Eligible Securityholders, who submit a Securityholder Application Form and Application Payment, may receive an Allocation, subject to the right of the Issuer and Westpac in consultation with the Joint Lead Managers, to determine the Allocations when the Offer closes.</p> <p>The Issuer, Westpac and the Joint Lead Managers reserve the right (at their discretion) to:</p> <ul style="list-style-type: none">■ Allocate to an Eligible Securityholder all Westpac TPS for which that Eligible Securityholder has applied;■ reject any Application by an Eligible Securityholder; or■ Allocate to any Eligible Securityholder a lesser number of Westpac TPS than that applied for. <p>No assurance is given that any Eligible Securityholder will receive an Allocation.</p> |

Where no Allocation is made, or the value of Westpac TPS Allocated is less than the value for which an Eligible Securityholder Application is made, surplus Application Payments will be

returned to the Eligible Securityholder (without interest) as soon as possible. After Westpac TPS are issued to any Applicants, the Application Payment held in trust will be payable to the Issuer.

4.3 ASX quotation, trading and Holding Statements

4.3.1 ASX quotation

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

It is expected that Westpac TPS will be quoted under ASX code 'WCTPA'.

4.3.2 Trading

It is expected that Westpac TPS will begin trading on ASX on a deferred settlement basis on 22 June 2006. Trading is expected to continue on that basis until 27 June 2006, when it is anticipated that trading of Westpac TPS will begin on a normal settlement basis. Deferred settlement will occur as a consequence of trading which takes place before entries are made by the Registry in respect of your holdings of Westpac TPS and before Holding Statements are despatched to successful Applicants.

You are responsible for confirming your holding before trading in Westpac TPS. If you are a successful Applicant and you sell your Westpac TPS before you receive your Holding Statement, you do so at your own risk.

You may call the [Westpac TPS Information Line on 1300 787 993](#) or your Syndicate Broker after the Issue Date to enquire about your Allocation.

4.3.3 Holding Statements

The Issuer will apply for Westpac TPS to participate in CHESS. No certificates will be issued for Westpac TPS. The Issuer expects that Holding Statements will be despatched to successful Applicants by 26 June 2006.

About the Issuer and the Trust

5

This Section sets out information in relation to:

- the Issuer – a wholly owned subsidiary of Westpac; and
 - the Trust – a special purpose trust established for the purpose of issuing Westpac TPS.
- In particular it provides details of the Directors of the Issuer and the expected pro-forma financial effect of the issue of Westpac TPS on the Trust.

5.1 Issuer – Westpac Funds Management Limited

The Issuer, Westpac Funds Management Limited, is the responsible entity of the Trust and is required to manage the Trust in the Westpac TPS Holders' best interests, under the Trust Constitution and the law including the Corporations Act. The Issuer is a wholly owned subsidiary of Westpac and its principal activities are acting as responsible entity for managed investment schemes.

As at 31 March 2006, the Issuer was the responsible entity of eight registered managed investment schemes, including the Westpac First Trust. As at 31 March 2006, the Issuer had in excess of \$2.3 billion of funds under management.

5.1.1 Corporate and governance framework

The Issuer's approach to corporate governance is to have a set of values and behaviours that underpin everyday activities, ensure transparency and fair dealing, and protect stakeholder interests. As a member of the Westpac Group, the Issuer also benefits from Westpac's corporate governance framework, including risk and capital management policies, procedures and controls.

This approach includes a commitment to best practice governance standards, which the Issuer's Board sees as fundamental to the sustainability of the Trust and the Issuer's business and performance.

The Issuer's Board's approach has been guided by the principles and practices which are in the best interests of investors while ensuring full compliance with legal requirements. In pursuing its commitment to best practice governance standards, the Issuer's Board will continue to review and improve its governance practices and, as a member of the Westpac Group, the Issuer will benefit from Westpac continuing to:

- monitor global developments in best practice corporate governance;
- contribute to local and international debates on what represents best corporate governance practice; and
- review and improve its governance practices.

5.1.2 Composition of the Issuer's Board

The Issuer's Board has a broad range of relevant financial and other skills, experience and expertise to meet its objectives. The Issuer's Board determines its size and composition, subject to the Issuer's constitution which requires that the Issuer's Board be comprised of a minimum of one and a maximum of 12 directors.

Two of the four Directors of the Issuer are executive directors and are full time employees of the Westpac Group. The Issuer relies upon the compliance committee, established under the Corporations Act, with a majority of external members, to monitor and ensure compliance with the Trust's Constitution and its compliance plan.

The current Issuer's Board composition, with details of the backgrounds of individual Directors of the Issuer, is set out below.

Alan Cameron A.M.

Alan Cameron joined the Board of the Issuer as an independent director on 8 May 2006 and is the current chairman. He has been a member of the Issuer's compliance committee since its establishment in 2002 and is its chairman. He is a graduate of the University of Sydney (BA, LLB, LLM) and was a partner of the law firm now known as Blake Dawson Waldron from 1979 until 1991, the last two years of which he was national managing partner.

In April 1991 he was appointed Commonwealth and Defence Force Ombudsman. He relinquished that position at the end of 1992 to become chairman of the Australian Securities Commission (ASC) and was chairman of the ASC and its

successor, the Australian Securities and Investments Commission (ASIC), from January 1993 to November 2000. He was made a Member of the Order of Australia (A.M.) in 1997.

His other directorships and consultancies now include being Deputy Chair of SFE Corporation Limited (the Sydney Futures Exchange), a position he will relinquish upon merger with Australian Stock Exchange Limited, Chairman of the NSW Growth Centres Commission, chair of Cameron Ralph Pty Limited and a director of Audit Quality Review Board Limited. He is also a consultant to Blake Dawson Waldron, a member of the NSW Judicial Commission and a Fellow of the Australian Institute of Company Directors.

Sean McElduff

Sean McElduff has been employed by Westpac Banking Corporation since 1977 and has held a general management role in Westpac Institutional Bank since April 1999. Sean has both domestic and offshore banking experience and has held senior roles in both the corporate finance and capital market areas. In February 2003, Sean was appointed General Manager of the Specialised Capital Group, the division within Westpac Institutional Bank which is responsible for both Hastings Funds Management Limited and Westpac Funds Management Limited.

Sean holds a Bachelor of Business degree in Accounting and is a member of the Australian Institute of Company Directors.

Jim Tate

Jim Tate has over 25 years' experience in the financial services sector. During Jim's 17 years with Westpac, he has held numerous different roles. At various times he has run the bank's Fixed Interest, Derivatives and Financial Markets' Distribution units, as well as spending seven years as head of its New York and London branches. He returned to Australia in late 1999 as General Manager, Corporate in Westpac Institutional Bank. In 2000, Jim became Managing Director of AGC, integrating its operations more closely with the bank and handling its sale to GE Capital in May 2002. In April 2003, Jim returned to Westpac Institutional Bank as Chief Financial Officer. Jim holds a Bachelor's and Master's degrees in Commerce from the University of New South Wales and is a Fellow of the Australian Institute of Company Directors.

Liam Forde

Liam Forde joined the Board of the Issuer as an independent director on 8 May 2006. He is a graduate of Queen's University, Belfast and holds a Bachelor of Science (Economics) degree. He is a former director of Boulderstone Hornibrook Pty Ltd.

Liam has held senior executive positions in a variety of industries including Ford Motor Company in the United Kingdom, Simpson Holdings Limited, and Boulderstone Hornibrook in Australia. He was formerly Chief Executive of Boulderstone Hornibrook.

Liam is also a director of Hastings Funds Management Limited, Colostar Pty Limited and a member of Rosecorp Pty Ltd Advisory Board and Crescendo Partners Advisory Board. He is also a member of the Australian Institute of Company Directors.

5.1.3 Role of the Issuer's Board

The Issuer's Board has formalised its role and responsibilities into a charter. The charter defines the matters reserved for the Issuer's Board and those that the Issuer's Board has delegated to management.

A copy of the charter of the Issuer's Board is available at www.westpac.com.au/structuredinvestments.

5.1.4 Compliance committee

The Corporations Act requires that the responsible entity of a registered managed investment scheme must establish a compliance committee if less than half of the directors of the responsible entity are external directors. The compliance committee must have at least three members, and a majority of them must be external members.

The Issuer has an independent compliance committee established with effect from 5 April 2002. The compliance committee is governed by terms of reference formally adopted by the Issuer's Board and is responsible for monitoring the Issuer's compliance with the Corporations Act, the Issuer's constitution and its compliance plans (including that for the Trust).

The compliance plan for the Trust sets out measures that the Issuer must apply in operating the Trust to ensure compliance with the Corporations Act and the Trust Constitution. In particular the compliance committee is responsible for:

- monitoring the Issuer's compliance with the compliance plan to ensure that the Issuer exercises appropriate due diligence to avoid any breach of law, regulation or the Trust Constitution;
- reporting to the Issuer (or ASIC in certain circumstances) if it becomes aware or suspects any breach of law or breach of the Trust Constitution;
- assessing the adequacy of the compliance plan and recommending any changes to the Issuer's Board; and
- reviewing the external auditor's audit of the compliance plan.

The Issuer's compliance committee is comprised of two external members and one internal member and therefore complies with the Corporations Act which requires that there be a majority of external members on the committee.

5.2 Westpac TPS Trust

The Westpac TPS Trust is a special purpose trust established solely for the purpose of issuing Westpac TPS and investing in the Notes. The Trust was established and registered as a managed investment scheme on 10 May 2006. On this basis, the Trust has no prior trading history.

5.2.1 Accounting treatment

The Issuer intends to classify the Westpac TPS, Ordinary Unit and Notes at fair value through profit or loss. Any changes in fair value will go to the Trust's income statement and it is expected that the changes in fair value of the Westpac TPS, Ordinary Unit and Notes will offset in the Trust's income statement.

5.2.2 Pro-forma financial information

The pro-forma balance sheet below sets out the expected effect of the Offer on the Trust as if the Offer was completed and \$700 million was raised through the issue of Westpac TPS and these gross proceeds were invested in Notes as at the Issue Date. The pro-forma balance sheet is unaudited.

Trust pro-forma balance sheet

| \$ million | Pro-forma as at Issue Date |
|-------------------------------|----------------------------------|
| Assets | |
| Investment in Notes | 700 |
| Total assets | 700 |
| Liabilities | |
| Westpac TPS | 700 |
| Ordinary Unit held by Westpac | – ¹ |
| Total liabilities | 700 |
| Net assets | – |
| Total equity | – |

Note:

1. Actual balance of \$100.

In relation to the expected effect on the income statement of the Trust, it is assumed that the Trust will:

- receive income equal to the Interest Payments on Notes from Westpac each quarter;
- make quarterly Distributions to Westpac TPS Holders based on the Distribution Rate for that Distribution Period (subject to the Distribution Payment Test); and
- make a quarterly payment to the Ordinary Unitholder (Westpac) equal to any residual income after payment of the Distributions.

The Trust has sufficient working capital to carry out its stated objectives. Transaction costs incurred in relation to the Offer will be paid by Westpac. The ongoing management costs of the Trust for so long as the responsible entity is a member of the Westpac Group, will be reimbursed by Westpac (see Section 8). The accounting treatment and the Westpac Group's pro-forma financial information is set out in Section 6.4.

About Westpac

6

This Section sets out:

- a description of Westpac's business including summary financial information;
- Westpac's capital management strategy and capital ratios;
- recent developments in Westpac's business;
- pro-forma financial information demonstrating the effect of the issue of Westpac TPS on Westpac; and
- information on the credit ratings relevant to this Offer.

6.1 Overview of Westpac

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

Westpac was founded in 1817 and was the first bank to be established in Australia. In 1850 Westpac was incorporated as the Bank of New South Wales by an Act of the New South Wales Parliament. In 1982, the Bank of New South Wales changed its name to Westpac Banking Corporation.

Westpac has branches, affiliates and controlled entities throughout Australia, New Zealand and the Pacific region and maintains offices in some of the key financial centres around the world. Westpac is listed on ASX and, as at 16 May 2006, Westpac's market capitalisation was \$44.0 billion.

The performance of Westpac's Ordinary Shares during the period from 16 May 2005 to 16 May 2006 is set out in the graph below:

Westpac's operations comprise four key areas of business, through which it serves approximately 8.3 million customers as at 30 September 2005. These four areas of business are:

- **Business and Consumer Banking** – provides retail banking and other financial services to individuals and small to medium-sized businesses within Australia;
- **BT Financial Group Australia (BTFG)** – provides investment management and administration, retirement planning, income protection and insurance services that are designed to enable customers to build, manage and protect personal wealth;
- **Westpac Institutional Bank** – provides banking, financial and advisory services to corporate, institutional and government customers and supplies financial products to small and medium-size businesses primarily in Australia and New Zealand; and
- **New Zealand Banking** – provides a full range of retail, commercial and other financial services to customers throughout New Zealand.

Westpac Ordinary Shares daily closing price



6.1.1 Overview of Westpac's results for the six months ended 31 March 2006

In the six months ended 31 March 2006, Westpac delivered a solid net profit result of \$1,469 million, representing a 16% increase on the six months ended 31 March 2005 and a 2% increase on the six months ended 30 September 2005. Given this result and the strong capital and franking position, the Westpac Directors decided to declare a fully franked interim dividend of 56 cents per ordinary share, a 14% increase over the 2005 interim dividend and a 10% increase on the 30 September 2005 dividend.

Supporting Westpac's performance has been improving loan growth especially in Australian consumer banking, disciplined expense management, and a continuing benign bad debt environment. This performance was achieved despite an easing in margins and a significant lift in the income tax expense, principally from the run-off of New Zealand structured finance transactions, and additional tax provisions booked in recognition of the estimated impact of more onerous interpretations by tax authorities globally.

The result also reflects the resilience of the Westpac Group which has continued to generate double digit returns and a return on equity in excess of 20%, despite being subject to increasingly competitive operating conditions.

Business and Consumer Banking (BCB) was able to restore its balance sheet growth momentum and increased net profit by 12% in the six months ended 31 March 2006. Loan growth was 11% higher, although the tougher competitive environment and the impact of growth in lower spread deposit products has seen margin contraction at the upper end of long-term trends.

Performance from Westpac Institutional Bank (WIB) was lower over the period given the run-off of New Zealand structured finance transactions. Excluding the structured finance business, WIB recorded an uplift in net profit of 26% on 31 March 2005 supported by an improved financial markets performance and continued growth in transaction banking, leveraging off its lead bank position in this segment. The division also benefited from the positive revaluation of certain financial assets.

Lending and deposit growth in New Zealand has been solid, however a tougher operating environment and continued mortgage migration from floating to lower spread fixed rate loans has contributed to a significant decline in margins and weaker operating income. Net profit increased 4% in New Zealand dollar terms over the position as at 31 March 2005.

BTFG delivered another excellent performance in the six months ended 31 March 2006, with a 20% rise in net profit over 31 March 2005. Above market growth in funds under administration and corporate superannuation have been key drivers of the performance, on a foundation of favourable market conditions.

6.1.2 Summary and selected financial information

The following tables set out certain summary and selected financial information of Westpac.

Westpac consolidated income statement¹

| \$ million | Reported Half Year March-06 | Reported Half Year Sept-05 | Reported Half Year March-05 |
|---|-----------------------------|----------------------------|-----------------------------|
| Interest income | 8,806 | 7,968 | 7,576 |
| Interest expense | (5,946) | (5,266) | (5,019) |
| Net interest income | 2,860 | 2,702 | 2,557 |
| Non-interest income | 1,703 | 1,850 | 1,604 |
| Net operating income | 4,563 | 4,552 | 4,161 |
| Operating expenses | (2,135) | (2,088) | (2,071) |
| Impairment losses on loans | (185) | (179) | (203) |
| Profit before income tax | 2,243 | 2,285 | 1,887 |
| Income tax expense | (749) | (683) | (540) |
| Net profit for the period | 1,494 | 1,602 | 1,347 |
| Net profit attributable to minority interests | (25) | (165) | (86) |
| Net profit attributable to equity holders of Westpac Banking Corporation | 1,469 | 1,437 | 1,261 |

Westpac selected financial information¹

| | Reported Half Year March-06 | Reported Half Year Sept-05 | Reported Half Year March-05 |
|---|-----------------------------|----------------------------|-----------------------------|
| Ordinary share information | | | |
| Basic earnings per ordinary share (cents) | 79.7 | 78.9 | 69.9 |
| Fully diluted earnings per ordinary share (cents) | 78.8 | 78.0 | 69.3 |
| Dividends per ordinary share (cents) | 56 | 51 | 49 |
| Financial ratios | | | |
| Return on average ordinary equity (%) | 22.3 | 22.4 | 21.0 |
| Expense to income ratio (%) | 46.8 | 45.9 | 49.8 |
| Interest margin (%) | 2.40 | 2.45 | 2.44 |

Note:

1. The above consolidated income statement and selected financial information were derived, for the half years ended 31 March 2006, 30 September 2005 and 31 March 2005, from Westpac's consolidated unaudited interim financial report for 31 March 2006. The interim financial report is the first Westpac Banking Corporation interim financial report to be prepared in accordance with Australian Equivalents to International Financial Reporting Standards ("A-IFRS"). AASB 1: First-time adoption of Australian Equivalents to International Financial Reporting Standards has been applied in preparing the financial statements included within the 31 March 2006 interim financial report. Financial statements of Westpac until 30 September 2005 were prepared in accordance with previous Australian Generally Accepted Accounting Principles (AGAAP).

With the exception of changes related to financial instruments and insurance applicable from 1 October 2005, the comparative figures for the half years ended 30 September 2005 and 31 March 2005 have been restated. Under the accounting standards, Westpac is able to apply certain exemptions in preparing comparatives such that the impacts of AASB 4: Insurance Contracts, AASB 132: Financial Instruments: Presentation and Disclosure, AASB 139: Financial Instruments: Recognition and Measurement, AASB 1023: General Insurance Contracts and AASB 1038: Life Insurance Contracts are not required to be applied retrospectively.

6.2 Capital management strategy and capital ratios

Westpac has an active approach to capital management focused on increasing shareholder value by integrating capital allocation, performance measurement and incentive compensation. This framework is embedded in Westpac's business activities and investment decisions.

Westpac's capital management strategy seeks to find the right balance between the interests of shareholders, regulators and ratings agencies. For Westpac, a target capital structure consistent with an 'AA' senior debt rating from Standard & Poor's has been chosen as striking the right balance between these interests and providing a basis for managing Westpac's capital structure and dividend policy.

As at 31 March 2006, the Adjusted Common Equity (ACE) Ratio was 5.1%, and the Tier 1 Capital Ratio was 6.8%, which are both above Westpac's target ranges of:

- ACE Ratio in the range of 4.50%-5.00%; and
- Tier 1 Capital Ratio in the range of 6.0%-6.75%.

The composition of the ACE Ratios and Tier 1 Capital Ratio are presented on an AGAAP basis and reflect the current approach applied by APRA to capital calculations.

6.3 Recent developments

6.3.1 APRA Capital adequacy changes

Following the introduction of A-IFRS and industry consultation, APRA has revised the treatment of certain items for capital adequacy purposes. While these changes will become effective on 1 July 2006, APRA has indicated transitional relief for the impact will be available until 1 January 2008.

Major changes to ACE and Tier 1 Capital levels will include:

- Increases in retained earnings associated with credit provisioning of \$396 million;
- Deductions related to credit provisioning currently estimated at \$125 million, including \$78 million after tax additional deduction above A-IFRS provisioning levels;
- Deducting capitalised software balances of \$439 million; and
- Defined benefit surpluses are no longer counted towards Tier 1 Capital.

As these changes do not reflect any change in the economic substance of the company's operations, Westpac is considering how the changes should be reflected in assessing its capital position which may include adjusting its target capital ratios.

APRA issued its second discussion paper on Tier 1 Capital instruments on 7 April 2006. The paper confirms APRA's intention to reduce the innovative limit from 25% of gross Tier 1 Capital (excluding hybrid equity) to 15% of net Tier 1 Capital, and introduce a total limit for Residual Tier 1 Capital (comprising both innovative and non-innovative Tier 1 Capital of 25% of net Tier 1. The new limits will apply from 1 January 2008, with some transition relief being available until January 2010 (subject to agreement with APRA).

As at 31 March 2006, Westpac's innovative capital on issue represented 19% of gross Tier 1 Capital (excluding hybrid equity). Westpac expects to continue to use Residual Tier 1 Capital instruments in managing its capital position going forward.

6.3.2 US Sarbanes-Oxley

Westpac is required to comply with the US Sarbanes-Oxley Act of 2002 (SOX Act) as Westpac has securities that are registered with the US Securities and Exchange Commission (SEC). Commencing in the year ending 30 September 2006, Westpac is required to comply with section 404 of the SOX Act, which deals with attestations and reports by management on internal controls over financial reporting.

Westpac has a SOX project, the objective of which is to ensure Westpac obtains a management assessment and external audit opinion, free from material weakness in internal controls over financial reporting as at 30 September 2006. The project also aims to build a solid foundation for Westpac's ongoing annual section 404 compliance in fiscal 2006 and onwards. The focus of the project in 2006 has been compliance with legislation. In future years Westpac expects to be able to rationalise controls as well as aligning business management processes with financial controls.

6.3.3 New Zealand incorporation

Westpac agreed to incorporate systemically important operations in New Zealand in December 2004. The proposed incorporation model received in principle agreement from the Reserve Bank of New Zealand (RBNZ) in October 2005. The incorporation model involves Westpac operating as a branch and an incorporated entity concurrently (dual registration). This model will principally see:

- Retail and business operations become part of the locally incorporated entity; and
- Institutional business will remain in Westpac's New Zealand Branch.

The legislative process required to implement local incorporation has commenced. The Westpac New Zealand Bill (legislation that will effect incorporation) had its first reading in New Zealand parliament on 29 March 2006 and transition to dual registration is expected to occur on 1 November 2006.

The overall costs for local incorporation are expected to be manageable. Westpac recognised a \$10 million charge in its 2005 expenses in relation to these costs.

6.3.4 Legal proceedings and existing contingent liabilities

Contingent liabilities exist in respect of actual and potential claims and proceedings. An assessment of Westpac's likely loss has been made on a case-by-case basis and a provision has been made where appropriate. Further details of Westpac's legal proceedings and existing contingent liabilities are set out in Section 11.6.

6.4 Accounting treatment and Westpac pro-forma financial information

The following pro-forma consolidated balance sheet and pro-forma capital adequacy position as at 31 March 2006 set out the expected effect of the Offer on Westpac as at 31 March 2006 and assume that, in each case:

- the Offer was completed;
- \$700 million of gross proceeds was received from the issue of Westpac TPS and these gross proceeds were invested in Notes issued by Westpac;
- Westpac had transferred these gross proceeds from the issue of Notes to its New Zealand Branch where these proceeds will be used in the normal course of Westpac's New Zealand business;
- when Westpac TPS are issued they will be classified as \$692 million of equity (\$700 million net of \$8 million total Offer costs, which are net of tax) in the consolidated balance sheet of Westpac; and
- the proceeds are reflected in cash balances to be used by the New Zealand Branch.

6.4.1 Westpac pro-forma consolidated balance sheet as at 31 March 2006

The following table sets out the pro-forma consolidated balance sheet position based on Westpac's consolidated balance sheet as at 31 March 2006 – adjusted as if the issue of Westpac TPS was completed as at that date.

The pro-forma consolidated balance sheet is unaudited and has been prepared according to A-IFRS.

| \$ million | Reported March-06 | Pro-forma March-06 | Reported Sept-05 | Reported March-05 |
|---|-------------------|--------------------|------------------|-------------------|
| Assets | | | | |
| Cash and balances with central banks ¹ | 2,211 | 2,899 | 1,845 | 2,038 |
| Due from other financial institutions | 17,449 | 17,449 | 15,363 | 14,984 |
| Derivative financial instruments | 14,656 | 14,656 | 9,944 | 10,859 |
| Financial assets at fair value | 3,376 | 3,376 | – | – |
| Other trading assets | 15,283 | 15,283 | 12,034 | 12,686 |
| Investment securities | – | – | 2,428 | 2,898 |
| Available-for-sale securities | 1,033 | 1,033 | – | – |
| Loans | 215,475 | 215,475 | 198,058 | 191,862 |
| Acceptances of customers | – | – | 4,864 | 5,127 |
| Life insurance assets | 14,743 | 14,743 | 13,595 | 12,553 |
| Regulatory deposits with central banks overseas | 372 | 372 | 347 | 562 |
| Goodwill and other intangible assets | 2,920 | 2,920 | 2,957 | 2,849 |
| Property, plant and equipment | 421 | 421 | 379 | 379 |
| Deferred tax assets | 407 | 410 | 820 | 874 |
| Other assets | 3,533 | 3,533 | 3,629 | 3,087 |
| Total assets | 291,879 | 292,570 | 266,263 | 260,758 |
| Liabilities | | | | |
| Due to other financial institutions | 12,256 | 12,256 | 10,654 | 8,137 |
| Deposits at fair value | 30,658 | 30,658 | – | – |
| Deposits at amortised cost | 123,233 | 123,233 | 149,252 | 145,607 |
| Derivative financial instruments | 12,389 | 12,389 | 10,514 | 11,162 |
| Other trading liabilities and other financial liabilities at fair value | 9,036 | 9,036 | 3,154 | 3,326 |
| Debt issues | 63,153 | 63,153 | 48,754 | 49,984 |
| Acceptances | – | – | 4,864 | 5,127 |
| Current tax liabilities | 64 | 63 | 306 | 66 |
| Deferred tax liabilities | – | – | 20 | 22 |
| Life insurance liabilities | 13,655 | 13,655 | 11,717 | 11,250 |
| Provisions | 721 | 721 | 651 | 528 |
| Other liabilities | 5,697 | 5,697 | 5,270 | 4,932 |
| Total liabilities excluding loan capital | 270,862 | 270,861 | 245,156 | 240,141 |

Notes:

- The cash proceeds from the issue of Westpac TPS are reflected in cash balances to be used by the New Zealand Branch.

| \$ million | Reported March-06 | Pro-forma March-06 | Reported Sept-05 | Reported March-05 |
|---|----------------------|-----------------------|---------------------|----------------------|
| Loan Capital | | | | |
| Subordinated bonds, notes and debentures | 4,491 | 4,491 | 3,702 | 4,257 |
| Subordinated perpetual notes | 543 | 543 | 512 | 505 |
| Trust preferred securities 2004 | 679 | 679 | – | – |
| Westpac FIRsTS | 662 | 662 | – | – |
| Total loan capital | 6,375 | 6,375 | 4,214 | 4,762 |
| Total liabilities | 277,237 | 277,236 | 249,370 | 244,903 |
| Net assets | 14,642 | 15,134 | 16,893 | 15,855 |
| Shareholders' equity | | | | |
| Share capital: | | | | |
| Ordinary share capital | 5,370 | 5,370 | 5,296 | 4,523 |
| Treasury shares | (57) | (57) | (61) | (75) |
| Reserves | 208 | 208 | 46 | 27 |
| Retained profits | 7,957 | 7,957 | 8,280 | 7,721 |
| Total equity attributable to equity holders of Westpac Banking Corporation | 13,478 | 13,478 | 13,561 | 12,196 |
| Minority interests | | | | |
| Managed investment schemes | – | – | 826 | 706 |
| New Zealand Class shares | – | – | – | 451 |
| Westpac FIRsTS | – | – | 659 | 659 |
| Trust preferred securities 2003 | 1,137 | 1,137 | 1,137 | 1,137 |
| Trust preferred securities 2004 | – | – | 688 | 688 |
| Westpac TPS ² | – | 692 | – | – |
| Other | 27 | 27 | 22 | 18 |
| Total minority interests | 1,164 | 1,856 | 3,332 | 3,659 |
| Total shareholders' equity and minority interests | 14,642 | 15,334 | 16,893 | 15,855 |

Notes:

- Assumes the issue of \$700 million of Westpac TPS less expected Offer costs (net of tax).

The pro-forma consolidated balance sheet presented assumes that \$700 million is raised through the Offer. The impact on the pro-forma financial information of raising more or less than this amount is as follows:

- the amount of Notes issued to the Trust would increase proportionately with any additional Westpac TPS issued, resulting in a corresponding increase in net assets;
- for the additional issue of Westpac TPS, the difference would be an immaterial increase in the transaction costs; and
- if less than \$700 million is raised through the Offer, for example \$650 million, the impact on the pro-forma financial information will be of an equivalent magnitude, but opposite in direction to the analysis above.

6.4.2 Westpac pro-forma consolidated capital adequacy position as at 31 March 2006

The following table sets out the pro-forma capital adequacy position based on Westpac's consolidated balance sheet as at 31 March 2006 – adjusted as if the issue of \$700 million of Westpac TPS was completed as at that date.

The pro-forma capital adequacy position is unaudited and has been presented on an AGAAP basis reflecting APRA's current approach to capital calculations – refer to Section 6.3.1 for further details on regulatory changes impacting capital calculations.

| Capital \$ million | Reported March-06 | Pro-forma March-06 | Reported Sept-05 | Reported March-05 |
|------------------------|-------------------|--------------------|------------------|-------------------|
| Tier 1 capital | 12,327 | 13,019 | 12,228 | 11,447 |
| Tier 2 capital | 6,185 | 6,185 | 5,215 | 5,546 |
| Deductions | (885) | (885) | (859) | (860) |
| Total capital | 17,627 | 18,319 | 16,584 | 16,133 |
| Adjusted common equity | 9,284 | 9,284 | 9,209 | 8,402 |
| Risk weighted assets | 181,823 | 181,823 | 170,369 | 162,038 |

| Capital ratios % | Reported March-06 | Pro forma March-06 | Reported Sept-05 | Reported March-05 |
|--|-------------------|--------------------|------------------|-------------------|
| Tier 1 capital ratio | 6.8% | 7.2% | 7.2% | 7.1% |
| Tier 2 capital ratio | 3.4% | 3.4% | 3.1% | 3.4% |
| Deductions | (0.5)% | (0.5)% | (0.6)% | (0.5)% |
| Total capital ratio | 9.7% | 10.1% | 9.7% | 10.0% |
| Adjusted common equity to risk weighted assets ratio | 5.1% | 5.1% | 5.4% | 5.2% |

6.5 Credit ratings

Westpac TPS have been rated by Standard & Poor's (Australia) Pty Ltd (ACN 007 324 852) (Standard & Poor's) and Moody's Investors Service Pty Limited (ACN 003 399 657) (Moody's). These rating agencies also rate Westpac. At the date of this PDS, the relevant credit ratings are as follows:

| Credit rating type | Standard & Poor's | Moody's |
|---|-------------------|---------|
| Westpac TPS – Expected Issue Credit Ratings | 'A–' | 'A2' |
| Westpac – Long-term Credit Ratings | 'AA–' | 'Aa3' |

The provisional Westpac TPS rating was issued by both Standard & Poor's and Moody's on 5 May 2006. Westpac's Long-term Credit Rating was issued by Standard & Poor's in September 1996 (last reaffirmed on 17 May 2006) and by Moody's in January 1996 (last reaffirmed in August 2004).

6.5.1 Westpac TPS – Issue Credit Rating

An Issue Credit Rating is a current opinion of the creditworthiness of an obligor with respect to a specific financial obligation, a specific class of financial obligations, or a specific financial program. These are the provisional issue credit ratings that Standard & Poor's and Moody's have indicated will be assigned to Westpac TPS on issue subject to no material changes occurring to the transaction structure or documentation.

Issues rated 'BBB–' or higher by Standard & Poor's are generally considered to be investment grade. Westpac TPS have been assigned an 'A–' rating by Standard & Poor's and are therefore considered investment grade. An Issue Credit Rating of 'A–' describes an issue that is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligations in higher rated categories. However, the obligor's capacity to meet its financial commitment on the obligation is still strong.

Issues rated 'Baa3' or higher by Moody's are generally considered to be investment grade. Westpac TPS have been assigned an 'A2' rating by Moody's and are therefore considered investment grade. An issue credit rating of 'A2' describes an issue that possesses many favourable investment attributes and may be considered as upper-medium-grade obligations. The factors that give security to principal and interest are considered adequate but elements may be present that suggest a susceptibility to impairment some time in the future.

6.5.2 Westpac's Standard & Poor's Long-term Credit Ratings

A counterparty credit rating given by Standard & Poor's is a current opinion of an obligor's overall financial capacity (its creditworthiness) to pay its financial obligations. The Standard & Poor's Long-term Credit Rating for Westpac is 'AA–' (Outlook Stable). An obligation rated 'AA' differs from the highest-rated obligations only to a small degree. The obligor's capacity to meet its financial commitment on the obligation is very strong.

A rating outlook assesses the potential direction of a long-term counterparty credit rating over the intermediate term (typically six months to two years). In determining a rating outlook, consideration is given to any changes in the economic and/or fundamental business conditions. A rating outlook 'Stable' means that a rating is not likely to change in the near term.

The ratings from 'AA' to 'CCC' may be modified by the addition of a plus (+) or minus (–) sign to show relative standing within the major rating categories.

6.5.3 Westpac's Moody's Long-term Credit Ratings

A long-term obligation rating given by Moody's is an opinion of the relative credit risk of fixed-income obligations with an original maturity of one year or more. They address the possibility that a financial obligation will not be honoured as promised. Such ratings reflect both the likelihood of default and any financial loss suffered in the event of default.

The Moody's Long-term Credit Rating for Westpac is 'Aa3'. Issuers rated 'Aa' are considered to be high quality security in meeting their obligations and are subject to very low credit risk.

Moody's appends numerical modifiers 1, 2 and 3 to each generic rating classification from Aa through Caa. The modifier 1 indicates that the obligation ranks in the higher end of its generic category; the modifier 2 indicates mid-range ranking; and the modifier 3 indicates a ranking in the lower end of that generic category.

Issue Credit Ratings are not 'market' ratings, nor are they a recommendation to buy, hold or sell securities (including Westpac TPS).

As at the date of this PDS, Westpac has not approached any other rating agency for a rating of Westpac TPS.

Credit ratings are subject to revision or withdrawal at any time.

Investment risks

7

This Section describes the potential risks associated with an investment in Westpac TPS. It is divided into risks that are specific to Westpac TPS and Westpac. Before applying for Westpac TPS, you should consider whether Westpac TPS are a suitable investment for you. There are risks associated with an investment in Westpac TPS, many of which are outside the control of the Issuer or Westpac. These risks include those in this Section 7 and other matters referred to in this PDS.

7.1 Investment risks of investing in Westpac TPS

Set out in this Section 7.1 are specific risks associated with an investment in Westpac TPS. You should also consider the other risks in this Section 7 as they relate to the Ordinary Shares into which Westpac TPS or Preference Shares may be Converted, Preference Shares into which Westpac TPS may be Exchanged or an investment in any of those securities.

7.1.1 Investment market price and liquidity

The Issuer has applied for quotation of Westpac TPS on ASX, but the Issuer is unable to forecast the market price and liquidity of the market for Westpac TPS. The market price for Westpac TPS may fluctuate due to various factors, including amongst other things general movements in:

- Australian and international economic conditions, interest rates and equity markets;
- investor perceptions;
- movement in the market price of Ordinary Shares; and
- factors which may affect Westpac's financial performance and position.

It is possible that Westpac TPS may trade at a market price below the Issue Price.

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

The risks associated with market price and liquidity will also apply to Preference Shares (if issued) after Exchange.

7.1.2 Changes in the Distribution Rate and Dividend Rate

The Distribution Rate (and the Dividend Rate if Preference Shares are issued) is calculated for each Distribution Period (or Dividend Period) by reference to the 90 day Bank Bill Rate, which is influenced by a number of factors and varies over time. The Distribution Rate or Dividend Rate will fluctuate (both increasing and decreasing) over time with movement in the 90 day Bank Bill Rate.

The range for the 90 day Bank Bill Rate over the last 20 years is set out in the chart below.

Bank Bill Rate (% per annum)



As the Distribution Rate or Dividend Rate fluctuates, there is a risk that these rates may become less attractive when compared to the rates of return available on comparable securities issued by Westpac or other entities.

7.1.3 Distributions or Dividends may not be paid

There is a risk that Distributions will not be paid. Distributions will be paid if the Distribution Payment Test (summarised in Section 2.6.9) is satisfied. The conditions include availability of Westpac profits and the Westpac Directors having resolved that the Distribution is to be paid.

If Westpac does not pay Interest Payments on the Notes to the Trust, the Trust will have insufficient Trust Income and the Issuer will be unable to pay a Distribution on the Distribution Payment Date for the relevant Distribution Period in which this occurs. Interest Payments on the Notes are subject to the satisfaction of the Interest Payment Test which corresponds with the Distribution Payment Test (excluding the requirement for the Trust to have sufficient Trust Income).

Distributions on Westpac TPS are non-cumulative and, therefore, if a Distribution is not paid in full for any particular Distribution Period, a Westpac TPS Holder will not be entitled to receive that Distribution and will not receive that Distribution unless Westpac causes the Distribution to be made up through payment of an Optional Distribution (subject to APRA approval).

However, if a Distribution is not paid for any reason within 20 Business Days of the Distribution Payment Date Westpac will be subject to the Stopper – see Section 2.6.12.

Westpac may also be subject to similar constraints on the payment of dividends or return of capital on Ordinary Shares and certain Tier 1 Capital instruments if a distribution or dividend has not been paid on other securities that Westpac has on issue which contain similar provisions to the Stopper in the Westpac TPS Terms. If such a constraint applies, Westpac may not be able to make payments on the Notes or Preference Shares (if issued) without the approval of the holders of those other securities.

If Preference Shares are issued, the Dividend Payment Test applies in relation to payment of Dividends in the same way as the Distribution Payment Test applies to Distributions (excluding the requirement for the Trust to have sufficient Trust Income, as the Trust is no longer relevant). In addition, Westpac will be subject to the same Stopper if Dividends are not paid for any reason within 20 Business Days of the Dividend Payment Date.

7.1.4 Distributions or Dividends may not be fully franked

It is expected that Distributions on Westpac TPS (and Dividends on Preference Shares, if issued) will be fully franked. However, it is possible that Distributions payable on Westpac TPS may not be fully franked. The same risk applies to Dividends payable on Preference Shares, if on issue. If a Distribution or Dividend is not fully franked, it will, subject to the Distribution Payment Test or Dividend Payment Test (as applicable), be grossed-up by a cash amount to compensate for the unfranked amount.

7.1.5 Westpac's financial performance and position

Westpac can initiate Conversion in certain specified circumstances – see Section 2.7, and Exchange may occur on an Automatic Exchange Event – see Section 2.8. If Conversion or Exchange occurs you will receive Ordinary Shares or Preference Shares (respectively) issued by Westpac. Therefore, if Westpac's financial position declines, or if market participants anticipate that it may decline, an investment in Westpac TPS could decline in value even if Westpac TPS have not been Converted or Exchanged.

Accordingly, when you evaluate whether to invest in Westpac TPS you should carefully evaluate the investment risks associated with an investment in Westpac – see Section 7.2.

7.1.6 Conversion or Redemption at Westpac's initiation

Westpac may initiate Redemption (subject to any required APRA approval) or Conversion of Westpac TPS in the circumstances set out in Section 2.7 or Preference Shares, if issued, in similar circumstances. Redemption or Conversion may occur if these circumstances happen before the Step-Up Date or on dates not previously contemplated by you, which may be disadvantageous in light of market conditions or your individual circumstances.

Where you receive cash on Redemption, the rate of return at which you could re-invest your funds may be lower than the Distribution Rate at the time.

Where you receive Ordinary Shares issued on Conversion, you will have the same rights as other Ordinary Shareholders, which are different to the rights attaching to Westpac TPS. The number of additional Ordinary Shares issued on Conversion will depend on a number of factors, including the Ordinary Share price over the 20 Business Days immediately before the Realisation Date and the Maximum Conversion Number. The value of the additional Ordinary Shares issued on the Realisation Date may be different to the Ordinary Share Issue Price calculated through the VWAP Period (as defined in clause 6(a)(i) of the Westpac TPS Terms or clause 3.7(b) of the Preference Share Terms). In

addition, if on Conversion, the VWAP of Ordinary Shares is less than \$2.00 (based on the current Maximum Conversion Number of 50), the value of Ordinary Shares into which Westpac TPS Convert may be less than the Issue Price.

7.1.7 No fixed maturity date

Westpac TPS will no longer be on issue after 30 September 2055 as this date is an Automatic Exchange Event for any Westpac TPS on issue at that date. While Westpac TPS Holders will no longer hold Westpac TPS they will automatically become Preference Shareholders and Preference Shares have no fixed maturity date. Accordingly, your investment in Westpac TPS has no stated maturity date. Westpac TPS and Preference Shares are not Redeemable at the request of Westpac TPS Holders or Preference Shareholders, and Redemption will only occur if Westpac chooses (subject to any required APRA approval) to pay cash consideration in the certain circumstances when Redemption can occur – see Section 2.7.4.

7.1.8 Ranking of Westpac TPS and Preference Shares

Westpac TPS are not deposit liabilities or debt instruments of Westpac and the payment of Distributions and cash Redemption proceeds is not guaranteed by the Issuer, Westpac, the Trust or any member of the Westpac Group. The principal assets of the Trust are the Notes which are Junior Subordinated Debt Obligations of Westpac. In the unlikely event of a winding-up of Westpac, an Automatic Exchange Event will occur and Westpac TPS will Exchange into Preference Shares. Preference Shares rank:

- ahead of Ordinary Shares and any FIRsTS Preference Shares (as upon winding-up FIRsTS Preference Shares will have become Ordinary Shares);
- equally with any Equal Ranking Preference Shares; and
- behind all of Westpac's liabilities and debt, including to depositors and all Senior Creditors – see Section 2.12.

If in the unlikely event of a winding-up of Westpac, Westpac TPS have not been Redeemed, Converted or Exchanged, Westpac TPS Holders are entitled to be paid the Termination Amount for each Westpac TPS. This is an amount for each Westpac TPS up to its Issue Price and any Distribution due and unpaid at the commencement of the winding-up of Westpac (or if less actual cash is available to the Issuer for distribution to Westpac TPS Holders, a proportionate share of that cash). The claim for the Termination Amount effectively ranks equally with the Equal Ranking Instruments but is effectively subordinated to Westpac depositors and other Senior Creditors.

If there is a winding-up of Westpac, there is a risk that Westpac TPS Holders will not receive a full return of capital or any Distribution due and unpaid at that time.

7.1.9 Credit ratings

One or more independent credit rating agencies may assign ratings to Westpac TPS (and Preference Shares if issued) and/or Westpac.

There is a risk that the credit ratings of Westpac TPS may change as a result of changes to Westpac's financial performance or position. This could affect the market price and liquidity of Westpac TPS.

Credit ratings are not 'market' ratings, nor are they a recommendation to buy, hold or sell securities and are subject to revision or withdrawal at any time.

The credit ratings may not reflect the potential impact of all risks related to the structure under which Westpac TPS are issued, market and additional factors discussed in this Section 7, and other factors that may affect the value of Westpac TPS or Westpac's financial performance or position.

7.1.10 Regulatory classification

APRA has provided confirmation that Westpac TPS and Preference Shares qualify for Tier 1 Capital treatment under current prudential standards at the date of this PDS. However, if APRA subsequently determines that Westpac TPS or Preference Shares are not or will not qualify for Tier 1 Capital treatment, Westpac may decide that a Regulatory

Event has occurred. This will allow Redemption (subject to any required APRA approval) or Conversion at Westpac's initiation – see Section 7.1.6.

On 7 April 2006, APRA issued a second discussion paper on Tier 1 Capital instruments, following an earlier discussion paper released in August 2005. The paper confirms APRA's intention to reduce the innovative limit from 25% of gross Tier 1 Capital to 15% of net Tier 1 Capital, and introduce a total limit for Residual Tier 1 Capital (comprising both innovative and non-innovative Tier 1 Capital) of 25% net Tier 1 Capital. The new limits will apply from 1 January 2008, with some transitional relief being available until January 2010 (subject to agreement with APRA). Under the Westpac TPS Terms, Westpac may initiate Redemption or Conversion of Westpac TPS on the occurrence of a Regulatory Event. The definition of Regulatory Event includes where Westpac determines that there is a risk that Westpac TPS will not be included (in whole or in part) in Tier 1 Capital. The reduction in the innovative Tier 1 Capital limit to 15% may result in some or all of the Westpac TPS not being included in Westpac's Tier 1 Capital in the future and accordingly may trigger a Regulatory Event.

7.1.11 Taxation treatment

A general description of the taxation consequences of investing in Westpac TPS is set out in the Taxation Letter from Allens Arthur Robinson in Section 9. 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 Westpac TPS Holder. Accordingly, you should seek independent advice in relation to your individual tax position before you choose to apply for or invest in Westpac TPS.

In addition, if there is a change in law, policy or practice that adversely affects the tax position of the Issuer, Westpac or Westpac TPS Holders or Preference Shareholders (if Preference Shares are issued) – Westpac may decide a Tax Event has occurred. This will allow Redemption (subject to any required APRA approval) or Conversion at Westpac's initiation – see Section 7.1.6.

7.1.12 Future issues of securities by the Issuer or Westpac

Westpac and members of the Westpac Group may in future issue securities that:

- rank for dividend or payment of capital (including in the winding-up of Westpac or another member of the Westpac Group) equally with, behind or ahead of;
- have the same or different dividend, interest or distribution rates as; or
- have the same or different terms and conditions as;

Westpac TPS, Notes or Preference Shares.

An investment in Westpac TPS, or Preference Shares (if issued) 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 Westpac TPS or Preference Shares (if issued).

7.1.13 New Zealand incorporation

As outlined in Section 6.3.3, Westpac's incorporation model for New Zealand involves Westpac operating as a branch and an incorporated entity concurrently (dual registration). If Westpac determines that any change in law, policy or practice (in Australia or New Zealand) which is made to facilitate local incorporation, imposes additional requirements on it or the Issuer, in relation to Westpac TPS, the Notes or the Preference Shares or there would be a negative impact on it, the Issuer or Westpac TPS Holders or Preference Shareholders, which Westpac in its sole discretion determines to be unacceptable, then a Regulatory Event will occur. This will allow Redemption or Conversion at Westpac's choice – see Section 7.1.6.

7.2 Investment risks associated with Westpac

Set out in this Section 7.2 are specific risks associated with an investment in Westpac. These risks are relevant to an investment in Westpac TPS, Preference Shares and Ordinary Shares as the value of an investor's investment in Westpac TPS may depend on Westpac's financial performance and position, regardless of when or if Westpac TPS Convert or Exchange.

7.2.1 Dependence on the Australian and New Zealand economies

Westpac's business is substantially dependent on the Australian and New Zealand economies. Its revenues and earnings are dependent on the level of financial services required by its customers. In particular, levels of borrowing are heavily dependent on customer confidence, the state of the economy, the home lending market and prevailing market interest rates from time to time in the countries in which Westpac operates.

Westpac currently conducts most of its business in Australia and New Zealand. Consequently, Westpac's performance is influenced by the level and cyclical nature of business and home lending activity in these countries, which is in turn impacted by both domestic and international economic and political events. There can be no assurance that a weakening in the Australian or New Zealand economies will not materially affect Westpac's financial condition and results of operations. The economic conditions of other regions where Westpac conducts operations can also affect future performance.

7.2.2 Competition

Westpac faces intense competition in all aspects of its business. Westpac competes, both domestically and internationally, with asset managers, retail and commercial banks, non-bank mortgage brokers, private banking firms, investment banking firms, brokerage firms, and other investment service firms. In addition, the trend toward consolidation in the global financial services industry is creating

competitors with broader ranges of product and service offerings, increased access to capital, and greater efficiency and pricing power. In recent years, competition has also increased as large insurance and banking industry participants have sought to establish themselves in markets that are perceived to offer higher growth potential, and as local institutions have become more sophisticated and competitive and have sought alliances, mergers or strategic relationships. Westpac expects these trends to continue.

7.2.3 Credit

Credit risk is Westpac's most significant risk and arises primarily from its lending activities. Westpac holds provisions to cover impairment losses on loans. If these provisions prove inadequate either because of an economic downturn or a significant breakdown in its credit disciplines, then this could have a material adverse effect on Westpac's operations and financial performance.

7.2.4 Market movements

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 overall financial position. In the financial markets trading businesses, Westpac is exposed to losses arising from adverse movements in levels and volatility of interest rates, foreign exchange rates, and commodity and equity prices. If Westpac were to suffer substantial losses due to any such market volatility, it would adversely affect the results of operations and its financial condition.

7.2.5 Equity underwriting

As a financial intermediary, Westpac underwrites listed and unlisted equities. Equity underwriting activities include the development of solutions for corporate and institutional customers who have a demand for equity capital and investor customers who have an appetite for equity based investment products. Westpac may guarantee the pricing and placement of these facilities. Westpac is at risk if it fails to syndicate or sell down its risk to other market participants.

7.2.6 Operational risks

As a financial services organisation Westpac is exposed to a variety of other risks including those resulting from process error, fraud, system failure, security and physical protection, customer services, staff skills and performance, and product development and maintenance. Operational risk can directly impact Westpac's reputation and result in financial losses which could adversely affect its financial performance or financial condition.

7.2.7 Regulatory environment

Westpac's business is highly regulated and could be adversely affected by changes in regulations and regulatory policy. Compliance risk arises from the regulatory standards that apply to Westpac as an institution. All of Westpac's businesses are highly regulated in the various jurisdictions in which it does business. Westpac is responsible for ensuring that it complies with all applicable legal and regulatory requirements (including changes to accounting standards) and industry codes of practice, as well as meeting its ethical standards. Westpac's business and earnings are also affected by the fiscal or other policies adopted by various regulatory authorities of the Australian and New Zealand governments, foreign governments and international agencies. The nature and impact of future changes in such policies are not predictable and are beyond Westpac's control. Changes in regulations or regulatory policy could adversely affect one or more of Westpac's businesses and could require the incurring of substantial costs to comply. The failure to comply with applicable regulations could result in fines and penalties or limitations on Westpac's ability to do business. These costs, expenses and limitations could have a material adverse affect on Westpac's business, financial performance or financial condition.

7.2.8 Liquidity

An inability by Westpac to meet its payment obligations could adversely affect its financial performance or financial condition. Liquidity risk is the potential inability to meet payment obligations, which could potentially arise as a result of mismatched cashflows generated by Westpac's business.

7.2.9 Taxation

Westpac is subject to taxation legislation in the various jurisdictions in which it has operations or conducts business. Any significant change in taxation law could have an adverse effect on the results of its operations. Westpac manages taxation risk by, in relation to specific transactions, opinions from taxation specialists and/or obtaining rulings from revenue authorities. Westpac also takes a proactive approach to managing potential disputes with revenue authorities. It also engages in consultations with revenue authorities in relation to potential changes in the law, either in its own right or in conjunction with professional and industry bodies.

Where appropriate, Westpac participates in professional and industry bodies which consider and propose changes to taxation law.

See also Section 11.6.3.

7.2.10 Exchange rates

Some of Westpac's income is earned in foreign currencies, New Zealand dollars and United States dollars in particular. Capital is also exposed to exchange risk by virtue of being deployed in these currencies to support offshore branches and subsidiaries. Government and monetary authorities may impose (and have done in the past) exchange controls that could adversely affect an applicable exchange rate. Therefore, exchange rate movements that affect these currencies can impact on Westpac's financial performance and position, both of which are reported in Australian dollars. A hedging program is in place to manage this risk.

7.2.11 Compliance

Compliance with the complex regulatory regime which governs Westpac is very important as failure to comply could materially adversely affect Westpac's ability to conduct its business.

Compliance risk management enables Westpac to identify emerging issues and where necessary put in place preventative measures.

While compliance is primarily a line management responsibility with each business area required to demonstrate an effective process, there are several Westpac Group-based initiatives designed to ensure consistency across Westpac. For example, the Westpac Group Operational Risk and Compliance Committee approves policy to be adopted for Westpac and oversees compliance risk management and major regulatory changes.

Westpac continues to apply a progressive implementation approach, which is designed to better align Westpac's practices with the Australian Standard on Compliance Management. (For information about the supervisory and regulatory environment in which Westpac operates – see Section 7.2.7.)

7.2.12 Legal proceedings and contingent liabilities

Contingent liabilities exist in respect of actual and potential claims and proceedings. An assessment of Westpac's likely loss has been made on a case-by-case basis and a provision has been made where appropriate. If these provisions prove inadequate then this could have a material adverse effect on Westpac's financial performance and position. For further details of Westpac's legal proceedings and existing contingent liabilities – see Section 11.6.

The summary of risks in this Section 7 is not exhaustive and you should read this PDS in its entirety and consult your financial adviser or other professional adviser before deciding whether to invest in Westpac TPS.

Fees and other costs



This Section shows fees and other costs relating to an investment in Westpac TPS.

Consumer Advisory Warning

Did you know?

Small differences in both investment performance and fees and costs can have a substantial impact on your long term returns.

For example, total annual fees and costs of 2% of your fund balance rather than 1% could reduce your final return by up to 20% over a 30 year period (for example, reduce it from \$100,000 to \$80,999).

You should consider whether features such as superior investment performance or the provision of better member services justify higher fees and costs.

You may be able to negotiate to pay lower contribution fees and management costs where applicable. Ask the fund or your financial adviser.

To find out more

If you would like to find out more, or see the impact of the fees based on your own circumstances, the **Australian Securities and Investments Commission (ASIC)** website (www.fido.asic.gov.au) has a managed investment fee calculator to help you check out different fee options.

8.1 Fees and other costs

This Section shows fees and other costs that you may be charged. As shown in the table below, you will not generally be charged fees and costs. This is because Westpac is paying the costs incurred in establishing the Trust and carrying out the Offer and has agreed to reimburse the Issuer for the ongoing costs and expenses of operating the Trust while the Issuer is a member of the Westpac Group. Fees and costs (where applicable) may be deducted from the Trust assets as a whole.

Taxes are set out in another part of this document.

You should read all the information about fees and costs, because it is important to understand their impact on your investment.

None of the fees or other costs set out below are negotiable.

| Type of fee or cost | Amount | How and when paid |
|---|---------------|--------------------------|
| Fees when your money moves in or out of the Trust | | |
| <i>Establishment fee:</i> The fee to open your investment. | Nil | Not applicable |
| <i>Contribution fee:</i> The fee on each amount contributed to your investment. | Nil | Not applicable |
| <i>Withdrawal fee:</i> The fee on each amount you take out of your investment. | Nil | Not applicable |
| <i>Termination fee:</i> The fee to close your investment. | Nil | Not applicable |

| Type of fee or cost | Amount | How and when paid |
|--|----------------------|--|
| Management costs | | |
| The fees and costs for managing your investment | | Details on how and when management costs are paid are set out below in relation to the individual components of management costs. |
| <i>Management fee:</i> The fees for managing your investment. | Nil | The Issuer is not entitled to be paid a management fee from the assets of the Trust, or by Westpac. |
| <i>Offer and establishment costs:</i> The costs incurred in establishing the Trust and carrying out the Offer. | Nil | Establishment costs and costs of the Offer will not be paid from the assets of the Trust. Westpac is paying these costs, which total approximately \$15 million (inclusive of GST). |
| <i>Arranging fee:</i> A fee payable to Westpac in relation to the Offer. | \$805,000 (estimate) | If Westpac makes a taxable supply to the Trust in relation to the issue of Westpac TPS, the Issuer will pay Westpac a once-off fee equal to the amount of any input tax credit or reduced input tax credit the Trust is entitled to in relation to that supply. The fee must be paid within 5 days of the Trust receiving the benefit of that credit. The fee will only be paid if that credit is received by the Trust, and will not be paid from the other assets of the Trust. |
| <i>Other Management costs:</i> The ongoing costs and expenses of operating the Trust. | Nil | While the responsible entity of the Trust is a member of the Westpac Group, it is entitled under the Undertaking Deed to be reimbursed by Westpac for the ongoing costs and expenses incurred in the proper performance of the responsible entity's duties in connection with the Trust. The Issuer is only entitled to make a claim against the other Trust assets for expenses to the extent that Westpac fails to honour its agreement to pay those expenses under the Undertaking Deed, or it ceases to apply because the responsible entity of the Trust ceases to be a member of the Westpac Group. |
| Service fees | | |
| Investment switching fee: The fee for changing investment options. | Nil | Not applicable |

8.2 Example of annual fees and costs

This table gives an example of how the fees and costs in relation to the Trust can affect your investment over a one year period. You should use this table to compare this product with other managed investment products.

| Type of fee or cost | Amount | Balance of \$50,000 |
|----------------------------|---------------|---|
| Management costs | Nil | For every \$50,000 you have invested in the Trust you will be charged \$0 each year. |
| Equals Cost of Trust | Nil | If you had an investment of \$50,000 at the beginning of the year, you would be charged fees of \$0*. |

* Ongoing management costs and expenses may be recovered from the Trust if Westpac fails to honour its agreement under the Undertaking Deed or the responsible entity of the Trust ceases to be a member of the Westpac Group.

8.3 Additional explanation of fees and costs

For more information on the composition of the establishment costs and costs of the Offer, which are being paid by Westpac, see Sections 10.6 and 11.4.

If you seek the advice of a financial adviser in connection with applying for Westpac TPS, your financial adviser may charge you a fee. The adviser's remuneration will be the amount you negotiate with your adviser.

For more information on tax costs, see Section 2.13.4 and Section 9.

Taxation Letter

9

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

10 May 2006

The Directors
Westpac Funds Management
Limited
Level 25, 60 Martin Place
Sydney NSW 2000

The Directors
Westpac Banking Corporation
60 Martin Place
Sydney NSW 2000

ABN 47 702 595 758

Deutsche Bank Place
Corner Hunter and Phillip Streets
Sydney NSW 2000
Australia
Tel 61 2 9230 4000
Fax 61 2 9230 5333

Correspondence
GPO Box 50
Sydney NSW 2001
Australia
DX 105 Sydney

www.aar.com.au

Ladies and Gentlemen

Westpac Trust Preferred Securities (*Westpac TPS*)

We have been requested to provide an opinion regarding the principal Australian taxation implications for holders of Westpac TPS issued by the Trust under the Product Disclosure Statement relating to the offer of Westpac TPS (the **PDS**).

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

The summary below is a general outline of the likely tax consequences for Westpac TPS Holders, but it does not address all taxation consequences of ownership of Westpac TPS, Ordinary Shares or Preference Shares.

This opinion does not provide any information regarding the possible taxation implications for Westpac TPS Holders who are not residents of Australia for the purpose of Australian income tax laws, nor regarding the tax laws of jurisdictions other than Australia. Potential investors should be aware that the actual tax consequences of ownership of Westpac TPS, Ordinary Shares or Preference Shares may differ depending on their individual circumstances. In particular, this opinion does not address the tax consequences of ownership of Westpac TPS by persons engaged in a business of trading or investing in securities, such as share traders, investment companies, banks or insurance companies.

This opinion assumes that all of the transactions described in the PDS will be carried out in the manner described in the PDS and in accordance with the terms of the Transaction Documents.

This opinion is provided solely for the benefit of the Issuer and Westpac. It is not to be relied upon by any other person. Allens Arthur Robinson (**AAR**) has consented to the inclusion of this letter in the PDS, but this letter should not be taken as a statement about any other matter in the PDS or in relation to the Issuer, Westpac, the Trust, or the performance of any investment in those entities, and is subject to the terms of AAR's consent to be named as set out in section 11.3 of the PDS.

This opinion reflects the current provisions of the *Income Tax Assessment Act 1936 (Cth)* and the *Income Tax Assessment Act 1997 (Cth)* and the regulations made under those Acts (collectively the **Tax Laws**) and does not otherwise take into account or anticipate changes in the Tax Laws, whether by way of future judicial decision or legislative actions.

Westpac TPS Holders will need to consult their own professional tax advisers regarding the consequences of acquiring, holding or disposing of Westpac TPS in light of their particular circumstances.

For the purpose of preparing this opinion we have been instructed by Westpac that:

Sydney
Melbourne
Brisbane
Perth
Bangkok
Beijing
Hong Kong
Jakarta
Phnom Penh
Port Moresby
Shanghai
Singapore

- the Notes to be acquired by the Trust will be subscribed for by the Issuer, and issued by Westpac, in Australia; and
- Westpac will apply the proceeds from the issue of Notes for use in the normal course of Westpac's New Zealand business.

1. Taxation of the Trust

In certain circumstances, the Tax Laws may effectively tax trusts falling within the definition of a 'public trading trust' in the same manner as companies. Due to the intended activities and operations of the Trust, the Trust will not constitute a public trading trust.

On the basis that the Trust is not a public trading trust in any income year, the net income of the Trust will generally be taxed in the hands of Westpac TPS Holders in each year of income as described below.

2. Taxation of Holders

(a) Distributions

"Flow through" treatment

Westpac TPS Holders will include in their assessable income for each year of income the proportion of the net income of the Trust for that year of income to which they become entitled. This includes income that a Westpac TPS Holder becomes entitled to but has not yet received (such as where an entitlement to a Distribution arises before the end of an income year, but the Distribution is not made or received until after the end of the income year).

Distributions, or entitlements to Distributions, included in the assessable income of a Westpac TPS Holder retain the same character for tax purposes as the income of the Trust from which the Distribution is made. The income of the Trust will essentially be Interest Payments on Notes, which are characterised for tax purposes as non-share dividends. Therefore, distributions to Westpac TPS Holders will also be characterised, for tax purposes, as non-share dividends.

The Interest Payments on Notes derived by the Trust will be included in the Trust's net income on a receipts basis. By virtue of the terms of the Trust Constitution, Westpac TPS Holders will be assessable, at their appropriate tax rate, in each year of income in which the Trust receives Interest Payments on Notes, in respect of that income. The amount of the Trust's net income which will be included in the assessable income of a Westpac TPS Holder in each year will be equal to the amount of Distributions which the Westpac TPS Holder will become entitled to receive in respect of that year, plus the amount of the franking credits attached to those Distributions.

Franking credits and tax offsets

To the extent that a Distribution is made out of non-share dividend income which is franked, Westpac TPS Holders will be required to include in their assessable income the additional amount (referred to above) representing the franking credits

attaching to the Distribution and should be able to claim a tax offset equal to the amount of those franking credits (subject to holding period and risk requirements; see further below). This tax offset will either reduce any tax payable by the Westpac TPS Holder, or give rise to a tax refund to the extent that it exceeds the tax that is otherwise payable by the Westpac TPS Holder (except that Westpac TPS Holders which are companies are not entitled to refunds of excess tax offsets).

Westpac TPS Holders which are companies will be entitled to a credit in their franking account equal to the amount of franking credits attaching to a Distribution.

Class Ruling

On behalf of Westpac, we have requested that the Commissioner of Taxation issue a Class Ruling in relation to Westpac TPS. Although it has not yet been issued, the Class Ruling is expected to confirm, subject to certain assumptions (including that the holding period and risk requirements are satisfied), that:

- (i) where a Westpac TPS Holder receives a Distribution which is included in the Westpac TPS Holder's assessable income, the Westpac TPS Holder's assessable income also includes so much of the franking credit amount as is equal to the Westpac TPS Holder's share of the franking credit on the Distribution;
- (ii) where a Westpac TPS Holder who is an individual, corporate tax entity, or a trustee (as specified in subsections 207-45(c) or (d) of the *Income Tax Assessment Act 1997 (Cth)*, being certain trustees, and certain superannuation funds, approved deposit funds and pooled superannuation trusts) receives a Distribution, the Westpac TPS Holder is entitled to a tax offset equal to the Westpac TPS Holder's share of the franking credit on the Distribution; and
- (iii) the tax offsets referred to above will be subject to the refundable tax offset rules.

Holding period rule

The recipient of a trust distribution that includes a franked non-share dividend must be a "qualified person" in relation to the non-share dividend in order to be entitled to a tax offset in respect of the franked distribution. A beneficiary of a trust, such as a Westpac TPS Holder, can only be a "qualified person" in relation to a dividend or non-share dividend if the trustee of the trust is also a "qualified person" in relation to the non-share dividend.

To be a "qualified person" in relation to Interest Payments on Notes, the Issuer must have held the Notes at risk for 90 days during:

- the "primary qualification period" which is the period beginning on the day after the day on which the Notes are acquired by the Issuer and ending on the 90th day after the day that the holding of the Notes entitles the Issuer to Interest Payments; and



- if the Issuer, or an associate, is under an obligation to make "related payments" (which have the effect of passing on the benefit of an Interest Payment to other entities other than beneficiaries of the Trust) in respect of Interest Payments, the "secondary qualification period" beginning on the 90th day before, and ending on the 90th day after the day that the holding of the Notes entitles the Issuer to Interest Payments.

Whether or not the Notes are held "at risk" by the Issuer during the relevant periods will depend upon whether the Issuer has financial positions, such as options or forward sale contracts, in relation to Notes. On the basis that the Issuer will continue to hold the Notes and not have any financial positions in relation to the Notes, and will not be under an obligation to make "related payments" to other entities, the Issuer will be a "qualified person" in relation to Interest Payments on the Notes.

Westpac TPS Holders must also be "qualified persons" in relation to Trust Distributions which include amounts attributable to non-share dividends in order to be entitled to tax offsets as described above. To be "qualified persons", Westpac TPS Holders must have held their Westpac TPS at risk for 90 days during:

- the "primary qualification period" which is the period beginning on the day after the day on which the Westpac TPS are acquired and ending on the 90th day after the Record Date in respect of a Distribution Period; and
- if the Westpac TPS Holder, or an associate, is under an obligation to make "related payments" (which have the effect of passing on the benefit of Distributions to other entities) in respect of Distributions, the "secondary qualification period" beginning on the 90th day before, and ending on the 90th day after, the Record Date in respect of a Distribution Period.

Individuals who will not claim franking rebates in any one year in excess of \$5,000 will automatically be taken to be "qualified persons" in relation to all dividends and non-share dividends that they receive (provided that they are not under an obligation to make a "related payment" as described above).

The application of the franking rules to a Westpac TPS Holder will depend upon the particular circumstances of the Westpac TPS Holder. Accordingly, each Westpac TPS Holder should seek independent advice as to whether they will be treated as a "qualified person" in relation to franked Distributions that are attributable to non-share dividends.

Returns of Trust capital

If all or part of a Distribution is not subject to tax in the hands of the Westpac TPS Holder, such as where it constitutes a return of capital by the Trust, the Westpac TPS Holder's cost base for the Westpac TPS will be required to be adjusted. On the basis of the Trust's Constitution and the Westpac TPS Terms this is unlikely to occur.

Borrowing to invest in Westpac TPS

Westpac TPS Holders who borrow to invest in the Westpac TPS may be entitled to a deduction for interest paid on those borrowings. Westpac TPS Holders seeking a deduction for interest in these circumstances should seek independent advice to confirm their entitlement to that deduction under the Tax Laws.

(b) Disposal of Westpac TPS

Westpac TPS Holders may dispose of their Westpac TPS on market. A disposal on market or a Redemption will constitute a capital gains tax (**CGT**) event for the Westpac TPS Holder for Australian CGT purposes.

Where Westpac TPS Holders dispose of Westpac TPS, or Westpac TPS are Redeemed, Westpac TPS Holders may make a capital gain or capital loss depending on whether their capital proceeds from the disposal or Redemption are more than the cost base of those Westpac TPS, or whether the capital proceeds are less than the reduced cost base of those Westpac TPS. If Westpac TPS are disposed of for cash, the capital proceeds will be the amount of the cash received by the Westpac TPS Holder in respect of the disposal. If Westpac TPS are Redeemed, the capital proceeds for each Westpac TPS will be the Issue Price of \$100.

The cost base of Westpac TPS will generally be their cost of acquisition. Certain other amounts associated with holding the Westpac TPS, such as incidental costs of acquisition and disposal, may be added to the cost base.

Any capital gain (or capital loss) derived (or incurred) by a Westpac TPS Holder will be aggregated with other capital gains and capital losses of the Westpac TPS Holder in the relevant year of income to determine whether the Westpac TPS Holder has a net capital gain or net capital loss.

A net capital gain, if any, is included in the Westpac TPS Holder's assessable income and is subject to income tax, however a "*CGT Discount*" may be available to reduce the taxable gain for Westpac TPS Holders, as described below. A net capital loss may not be deducted against other income for income tax purposes, but may be carried forward to be offset against future capital gains.

If a Westpac TPS Holder is an individual, complying superannuation entity or trust, and held Westpac TPS for 12 months or more before the disposal or Redemption, they will be entitled to a "*CGT Discount*" for any capital gain made on disposal or Redemption of the Westpac TPS. The CGT Discount entitles such Westpac TPS Holders to reduce their net capital gain on those Westpac TPS (after deducting available capital losses of the Westpac TPS Holder) by half, in the case of individuals and trusts, or by two-thirds 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, nor does it apply to Westpac TPS held for less than 12 months. Westpac TPS Holders should seek independent advice to determine if Westpac TPS have been held for the requisite period.

(c) Redemption

If Westpac TPS are Redeemed, Westpac TPS Holders will receive an amount equal to the Issue Price of \$100 for each Westpac TPS. This means that no capital gain or capital loss should be derived or incurred by a Westpac TPS Holder upon Redemption of Westpac TPS which were acquired by Application in the Offer.

A capital gain or a capital loss may be derived or incurred by a Westpac TPS Holder upon the Redemption of Westpac TPS which were acquired by the Westpac TPS Holder on market, depending upon the Westpac TPS Holder's cost base for those Westpac TPS.

(d) Conversion or Exchange

If Westpac TPS are Converted or Exchanged, the Westpac TPS Holders will be entitled to receive a Redemption Price equal to the Issue Price of \$100 for each Westpac TPS. In accordance with the directions provided to the RE under the Westpac TPS Terms, the Redemption Price of \$100 will be applied in payment of either the Ordinary Share Issue Price, for the Ordinary Shares issued on Conversion, or the Preference Share Issue Price, for the Preference Shares issued on Exchange.

As discussed above, a capital gain or a capital loss may be made by a Westpac TPS Holder upon the Redemption of a Westpac TPS. This also applies where a Westpac TPS Holder becomes entitled to a Redemption Price in connection with Conversion or Exchange of the Westpac TPS.

In the event of Conversion, the \$100 Redemption Price will be applied on behalf of the Westpac TPS Holders, to acquire Ordinary Shares at a 2.5% discount to the VWAP for the 20 Business Days preceding the date of Conversion, subject to a cap on the number of Ordinary Shares equal to the Maximum Conversion Number. The amount of the discount will not be assessable income, nor an assessable capital gain, to Westpac TPS Holders at the time of Conversion. However, the discounted Ordinary Share Issue Price will form the first part of the cost base of the Ordinary Shares for a (former) Westpac TPS Holder. (There is no Conversion Discount if Conversion occurs as a result of a Trust Event).

In the event of an Exchange, the \$100 Redemption Price will be applied on behalf of the Westpac TPS Holders to acquire Preference Shares, each with a Preference Share Issue Price of \$100. This Preference Share Issue Price will form the first part of the cost base of the Preference Shares for a (former) Westpac TPS Holder.

(e) Dividends paid on Ordinary Shares or Preference Shares

If Westpac TPS are Converted or Exchanged, franked dividends paid by Westpac on Ordinary Shares or Preference Shares, respectively, and any associated franking credits, would be included in the assessable income of the (former) Westpac TPS Holder and a tax offset should generally be available, equal to the amount of the franking credit, subject to the usual requirements that the shares be held at risk for the required period of time (see 2(a) above). Unfranked dividends would also be included in assessable income, without any tax offset.

(f) **Disposal of Ordinary Shares or Preference Shares**

The disposal of Ordinary Shares or Preference Shares acquired by a (former) Westpac TPS Holder after Conversion or Exchange would also constitute a CGT event for Australian tax purposes for the (former) Westpac TPS Holder. The (former) Westpac TPS Holder may derive a capital gain, or incur a capital loss, if the capital proceeds for the disposal exceed the cost base, or are less than the reduced cost base (respectively), of the Ordinary Shares or Preference Shares (see paragraphs 2(b) and 2(d) above).

(g) **Tax File Number and Australian Business Number**

The Issuer is required to deduct withholding tax from the payment of Distributions at the rate specified in the *Taxation Administration Regulations 1976* (currently 48.5%), and remit such amount to the Australian Taxation Office, unless a Tax File Number (**TFN**) or an Australian Business Number (**ABN**) has been quoted by a Westpac TPS Holder, or a relevant exemption applies (and has been notified to the Issuer). The same applies to unfranked dividends paid by Westpac on Ordinary Shares or Preference Shares.

3. Stamp duty and GST

No stamp duty or goods and services tax is payable on the issue, transfer, Redemption, Conversion or Exchange of Westpac TPS.

4. Not financial product advice

The information contained in this report does not constitute *financial product advice* for the purposes of the *Corporations Act*. The AAR partnership providing this report 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 Trust described above, consider taking financial advice from a person who holds an Australian Financial Services Licence under the *Corporations Act*.

Yours faithfully

ALLENS ARTHUR ROBINSON



Summary of important documents

10

Rights attaching to Westpac TPS arise under the Trust Constitution and Westpac TPS Terms. Some of the rights attaching to Westpac TPS are linked with rights arising under other documents.

This Section 10 summarises the Trust Constitution and other important documents. It does not summarise the Westpac TPS Terms or the Preference Share Terms which are set out in full in Appendix B and Appendix C respectively.

This is only a summary of important documents relating to the Offer. The Issuer 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 11.2.2.

10.1 Overview of rights and liabilities of Westpac TPS and related instruments

Rights attaching to Westpac TPS are contained in the:

- Trust Constitution – a summary of the Trust Constitution is set out in Section 10.2; and
- Westpac TPS Terms (included as schedule 1 to the Trust Constitution and set out in full in Appendix B).

Some of the rights attaching to Westpac TPS are linked with rights arising under other documents, for example:

- Westpac TPS may be Converted in certain circumstances. The rights attaching to Ordinary Shares are set out in Westpac's Constitution. For a summary of important rights attaching to the Ordinary Shares – see Section 10.3;
- Westpac TPS will automatically Exchange into Preference Shares on an Automatic Exchange Event. The rights attaching to Preference Shares are set out in full in Appendix C. For a summary of important rights attaching to the Preference Shares – see Section 2.12;
- the gross proceeds raised through the issue of Westpac TPS are invested in Notes which are issued by Westpac. For a summary of the Notes Terms – see Section 10.4; and
- under the Undertaking Deed, Westpac has made certain undertakings to the Issuer in relation to the Trust. For a summary of the Undertaking Deed – see Section 10.5.

10.2 Rights attaching to Westpac TPS under the Trust Constitution

A number of rights attach to units in the Trust. These rights arise under the Trust Constitution, the Corporations Act, the ASX Listing Rules, the general law relating to trusts and, in the case of Westpac TPS, the Westpac TPS Terms. Some of the important rights are summarised in this Section 10.2. This summary is not exhaustive.

10.2.1 Trust

The Issuer holds the assets of the Trust on trust for Westpac TPS Holders and the Ordinary Unitholder (Unitholders).

10.2.2 Beneficial interest in the Trust

The beneficial interest in the Trust is divided into units. There are two classes of units, Westpac TPS and the Ordinary Unit. Unitholders hold their units subject to the rights, restrictions and obligations attaching to their units, including (in the case of Westpac TPS) those contained in the Westpac TPS Terms.

The main rights attaching to Westpac TPS under the Westpac TPS Terms are summarised in Section 1 and Section 2. The Ordinary Unit carries the right to any residual income or capital of the Trust not distributed to Westpac TPS Holders under the Westpac TPS Terms. In addition, the Ordinary Unit confers on Westpac, as the Ordinary Unitholder, certain consent rights in relation to any variation to the Trust Constitution or the rights attaching to any class of units – see Section 10.2.20.

The Issuer must hold the benefit of its rights against Westpac in relation to Conversion and Exchange under the Undertaking Deed and the Note Deed on trust for Westpac TPS Holders only.

The Ordinary Unitholder has no interest in any of the Ordinary Shares or the Preference Shares to be issued to Westpac TPS Holders on Conversion or Exchange respectively.

10.2.3 Nature of interest

Subject to the Trust Constitution, a Westpac TPS or Ordinary Unit confers no interest in any particular asset of the Trust, and no Unitholder is entitled to require the transfer to them of any of the assets of the Trust. Unitholders must not interfere with the rights or powers of the Issuer under the Trust Constitution.

10.2.4 Rights of Unitholders

The principal rights of Unitholders under the Trust Constitution and the Westpac TPS Terms, are to:

- receive distributions of Trust Income attributable to their units;
- (in the case of Westpac TPS) have their units Redeemed, Converted or Exchanged;
- transfer their units;
- call, attend and vote at meetings of Unitholders; and
- participate in the winding-up of the Trust.

The nature of these rights differ between the Westpac TPS Holders and the Ordinary Unitholder.

10.2.5 Distribution of Trust Income

At each Distribution Payment Date, each person who is or was a Westpac TPS Holder on the Record Date referable to that Distribution Period has a vested and indefeasible interest in a share of the Trust Income in respect of that Distribution Period equal to the amount the Westpac TPS Holder is entitled to be paid (if anything) in respect of the Distribution Period as a Distribution.

At each Distribution Payment Date, the Ordinary Unitholder has a vested and indefeasible interest in a share of the Trust Income in respect of the Distribution Period equal to any remaining share of the Trust Income in respect of the Distribution Period (that is, the share left after allowing for the total of all shares of the Trust Income to which Westpac TPS Holders became entitled in respect of the Distribution Period).

Distributions payable to Westpac TPS Holders in respect of a Distribution Payment Date, are payable under the Westpac TPS Terms.

10.2.6 Redemption, Conversion and Exchange

Westpac TPS Holders are not entitled to have their Westpac TPS redeemed, except under a Redemption, Conversion or Exchange. For a description of Redemption, Conversion and Exchange – see Sections 2.7 and 2.8.

Westpac TPS may only be redeemed at a price calculated under the Trust Constitution. On Redemption, Westpac TPS will be Redeemed for cash at the price calculated under clause 3.5 of the Westpac TPS Terms. On Conversion or Exchange, Westpac TPS will be redeemed and Westpac TPS Holders will receive Ordinary Shares or Preference Shares (as the case requires) rather than cash for Redemption – see Sections 2.7 and 2.8.

The Ordinary Unitholder is not entitled to have the Ordinary Unit redeemed.

The Issuer is irrevocably appointed as agent of Westpac TPS Holders to do all things necessary to effect Redemption, Conversion or Exchange.

10.2.7 Transfers

Subject to the ASX Listing Rules and the Corporations Act, if Westpac TPS are officially quoted, the Issuer may refuse to register a transfer or request the CS Facility Operator or the Registry, as the case may be, to apply a holding lock to prevent a transfer of Westpac TPS for any reason. However, the ASX Listing Rules substantially restrict when the Issuer may refuse to register a transfer.

10.2.8 Meetings

Unitholders are entitled to attend and vote at meetings in person or by proxy. In certain circumstances governed by the Corporations Act, Unitholders can call a meeting. A resolution passed at a meeting of Unitholders binds all Unitholders whether or not they are present.

10.2.9 Termination

The Trust terminates on the earliest of the date:

- specified by the Issuer as the date of termination of the Trust in a notice given to Unitholders, which notice the Issuer must give (unless Westpac consents otherwise) if all Notes have been redeemed or converted into Ordinary Shares or exchanged into Preference Shares;
- of the final distribution on dissolution of Westpac; and
- on which the Trust terminates under the Trust Constitution or by law.

10.2.10 Winding-up

On winding-up of the Trust, the net proceeds of realisation after making allowance for all liabilities of the Trust (including income entitlements of Unitholders and meeting the expenses of the termination), must be distributed:

- first to Westpac TPS Holders, for each Westpac TPS held as at termination an amount equal to the Termination Amount (being the amount the Issuer is liable to distribute in respect of Westpac TPS under clause 8.3(d) of the Westpac TPS Terms); and
- second, the balance (if any) to the Ordinary Unitholder.

10.2.11 Annual accounts

Every Unitholder has a right to receive copies of the Trust's annual accounts and accompanying reports.

10.2.12 Unitholder liability

The Trust Constitution contains provisions designed to limit the liability of a Unitholder to the Issue Price of their Units. While it is generally considered that such provisions will be effective, this has not been definitively determined by the courts. In certain circumstances, the Issuer is entitled to be indemnified by a Unitholder to the extent the Issuer incurs a liability for taxation in connection with their Units. Joint holders of Units are jointly and severally liable in respect of all payments.

10.2.13 Powers

The Issuer has all the powers in respect of the Trust it is possible to confer on a trustee and as though it were the absolute owner of the assets and acting in its personal capacity.

10.2.14 Investments and other main restrictions

The Issuer must not acquire any interest in any asset other than Notes, interests in bank accounts in which income or capital of the Trust is invested, cash, rights and benefits under the Trust Constitution, Note Deed and Undertaking Deed, and income or other rights arising in connection with those assets.

The Issuer must not agree to an amendment to any of the Transaction Documents unless the Issuer reasonably considers the amendment will not have a material adverse effect on the interests of Unitholders, or the amendment is approved by a resolution of Unitholders.

10.2.15 Complaints

The Issuer must handle complaints made by Unitholders under Australian standards, the Trust Constitution and its AFSL conditions. The Issuer is a member of an independent complaints resolution body – see Section 2.14.3.

10.2.16 Liability of the responsible entity

Subject to the Corporations Act, the Issuer is not liable to Unitholders in contract, tort or otherwise. Subject to the Corporations Act, the liability of the Issuer to any person other than Unitholders is limited to the Issuer's ability to be indemnified from the assets of the Trust.

10.2.17 Indemnity

The Issuer is entitled to be indemnified out of the assets of the Trust for any liability incurred by it in properly performing its powers and duties in relation to the Trust. To the extent permitted by the Corporations Act, this indemnity extends to any

liability incurred as a result of an act or omission by a delegate or agent of the Issuer, and continues to apply after the Issuer retires or is removed.

The Issuer is entitled to exercise its rights of indemnification or reimbursement from the Trust assets to satisfy a liability to any creditor of the Issuer (as trustee of the Trust) notwithstanding that the Trust may have suffered a loss or may have diminished in value as a consequence of any unrelated act, omission or breach of trust by the Issuer or its agent or delegate.

10.2.18 Fees and expenses

The Issuer is not entitled to any fees from the Trust for acting as responsible entity.

If the Issuer is removed by Unitholders and replaced, or retires, the replacement responsible entity will not be entitled to any fees from the Trust for acting as responsible entity, nor will it have any entitlement to be paid fees by Westpac. This means that alternative arrangements for remuneration of a replacement responsible entity, or the amendment of the Trust Constitution by Unitholders, will need to be considered if such circumstances arise.

The Issuer is entitled to reimbursement out of the Trust assets for its expenses in relation to the proper performance of its duties. However, while it is a member of the Westpac Group, the Issuer has the benefit of an agreement from Westpac in the Undertaking Deed which entitles it to reimbursement of expenses from Westpac. The Issuer is only entitled to make a claim against the other assets of the Trust to the extent Westpac fails to honour the Undertaking Deed or the Undertaking Deed ceases to apply – see Section 10.5.

10.2.19 Retirement of the Issuer

The Issuer may retire where permitted by law, and must retire when required by law.

10.2.20 Amendments to the Trust Constitution

Subject to the Corporations Act, the Issuer may amend the Trust Constitution by Special Resolution of Unitholders or by deed executed by the Issuer. The rights attaching to a class of units may only be

amended or varied by Special Resolution of members of that class. However, each Unitholder agrees not to exercise their constitutional or statutory rights to amend or vary any rights attaching to a class of units or any article of the Trust Constitution in a manner which the Ordinary Unitholder reasonably considers and notifies the Issuer would adversely effect its interests or those of Westpac, without the consent of the Ordinary Unitholder.

10.2.21 How to transfer Westpac TPS

When the Trust is listed on ASX, Westpac TPS will be transferable through CHESS, and electronic transfers must be made under the ASTC Settlement Rules.

10.2.22 ASX Listing Rules

When the Trust is listed on ASX the ASX Listing Rules will apply to the Trust (subject to any relevant waivers).

10.2.23 Persons bound

The Trust Constitution and the Westpac TPS Terms bind the Issuer and each present and future Westpac TPS Holder and any person claiming through any of them. The Undertaking Deed binds each of those persons and Westpac and any person claiming through it.

10.2.24 Notices and exercise of any rights by Westpac

Where Westpac is required or permitted to give any notice, make any determination or exercise any right for the purposes of the Trust Constitution or the Westpac TPS Terms, it may do so in its absolute discretion and in doing so, Westpac is entitled to act exclusively in its own interests.

10.2.25 Rights of the Issuer

The Issuer and its associates may hold units in the Trust in any capacity. Subject to the Corporations Act, nothing in the Trust Constitution restricts the Issuer (or its associates) from dealing with itself (as responsible entity of the Trust or in another capacity), an associate, any member of the Westpac

Group or with any Unitholder and may derive and retain for itself any benefits from these dealings. The Issuer may act as trustee or responsible entity for other managed investment schemes.

10.3 Rights attaching to Ordinary Shares

Ordinary Shares may be issued to Westpac TPS Holders by Westpac on Conversion. These Ordinary Shares will be issued as fully paid and will rank equally with all Ordinary Shares already on issue in all respects. The rights attaching to Ordinary Shares are set out in the Corporations Act and in the Westpac Constitution, and are summarised in this Section 10.3.

10.3.1 Transfers

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

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

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

Westpac is not bound to register more than three persons as joint Ordinary Shareholders 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 an Ordinary Shareholder's death, bankruptcy or mental incapacity.

10.3.2 Profits and dividends

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

Dividends are only payable out of Westpac's net profit. Westpac is restricted from declaring and/or paying dividends if:

- the payment of the dividend would breach or cause a breach by Westpac of applicable capital adequacy or other supervisory requirements of APRA. Currently, one such requirement is that a dividend should not be paid without APRA's prior consent if payment of that dividend, after taking into account all other dividends (if any) paid on any Westpac shares during the then current financial year, would cause the aggregate of such dividend payments to exceed Westpac's consolidated net income for that year, as reflected in Westpac's audited consolidated financial statements;
- Westpac is directed by APRA not to pay a dividend under the *Banking Act 1959* (Cth); or
- the declaration or payment of the dividend would result in Westpac becoming insolvent.

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.

10.3.3 Winding-up of Westpac

On a winding-up of Westpac, the right of Ordinary Shareholders to share in any surplus assets of Westpac is subject to the preferential rights applying to other classes of shares.

10.3.4 Meetings and voting rights

Ordinary Shareholders are entitled to receive notice of, attend and vote at general meetings of Westpac. Each Ordinary Shareholder 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.

10.3.5 Issue of further Ordinary Shares

The Westpac Directors control the issue of Westpac 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.

10.4 Rights attaching to Notes

The gross proceeds of the Offer will be invested in Notes issued by Westpac. Westpac will transfer the gross proceeds from the issue of Notes to its New Zealand Branch where these proceeds will be used in the normal course of Westpac's New Zealand business. Notes are perpetual, step-up, cumulative, subordinated, redeemable, convertible and exchangeable securities issued by Westpac. Notes are redeemable for cash (subject to any required APRA approval), convertible into Ordinary Shares or exchangeable for Preference Shares in corresponding circumstances to Westpac TPS. Notes are Junior Subordinated Debt Obligations of Westpac, and are not a deposit liability of Westpac.

10.4.1 Ranking

If there is a winding-up of Westpac and Notes have not been exchanged for Preference Shares, the Issuer will have the right to a cash payment in respect of each Note held equal to the sum of the Issue Price of the Note – see Section 10.4.2 – and any Interest Payment which is due but unpaid. The claim of the Issuer in respect of this amount ranks:

- ahead of the claims of Ordinary Shareholders and any claim under an instrument that is, or is expressed to be, subordinated in a winding-up of Westpac to the claims of holders of the Notes;
- equally with the claims of holders of Equal Ranking Debentures; and
- behind (and is therefore conditional on prior payment in full of) the claims of all Senior Creditors, including depositors of Westpac and all holders of Westpac's senior or subordinated debt, whose claims are admitted in the winding-up of Westpac, other than debt described under the previous two paragraphs.

10.4.2 Issue Price and transfer

Each Note will be issued to the Issuer at an Issue Price of \$100.

The Issuer cannot sell, transfer, assign or otherwise dispose of any interest in Notes without the prior written consent of Westpac, other than under Chapter 5C of the Corporations Act.

10.4.3 Interest Payments

Subject to the satisfaction of the Interest Payment Test set out below, each Note entitles the Issuer to receive an Interest Payment on an Interest Payment Date. Interest Payments are calculated according to the following formula:

$$\text{Interest Payment} = \frac{\text{Interest Rate} \times \text{Issue Price} \times N}{365}$$

where:

Interest Rate (as a percentage per annum) = **Bank Bill Rate + Note Margin**;

where:

Bank Bill Rate will be the same as for Westpac TPS; and

Note Margin (as a percentage per annum) means:

- (a) 0.20% up to (and including) the Step-Up Date (Note Initial Margin); and
- (b) the Note Initial Margin plus 1.00% per annum from the Step-Up Date.

Issue Price means the Issue Price of a Note, being \$100; and

N means in respect of:

- (a) the first Interest Period, the number of days from (and including) the Issue Date until (and including) the first Interest Payment Date; or
- (b) each subsequent Interest Period, the number of days from (but not including) the preceding scheduled Interest Payment Date until (and including) the next Interest Payment Date.

The Interest Payment Dates are the same as Distribution Payment Dates.

Interest Payments will be adjusted if any Distribution would not be fully franked otherwise than because of any act by, or circumstance affecting, any particular Westpac TPS Holder. In such circumstances, the Interest Payment will be calculated according to the following formula:

$$\text{Interest Payment} = \frac{\text{D}}{1 - [\text{Tax Rate} \times (1 - \text{Franking Rate})]}$$

where:

D means the corresponding Distribution calculated under clause 2.1 of the Westpac TPS Terms;

Tax Rate means the Australian corporate tax rate applicable to Westpac's franking account at the relevant Interest Payment Date; and

Franking Rate means the percentage of the corresponding Distribution that would carry franking credit benefits.

Interest Payments are cumulative, meaning that if all or any part of an Interest Payment is not paid on an Interest Payment Date, the amount unpaid will accumulate but will not accrue interest.

An Interest Payment (including payment of accumulated interest) is subject to the following Interest Payment Test:

- the Westpac Directors resolving to pay an Interest Payment;
- the amount of the Interest Payment not exceeding the Distributable Profits of the Westpac Group (unless APRA gives prior approval to the payment of the Interest Payment); and
- APRA not otherwise objecting to the payment of the Interest Payment being paid or, in the case of accumulated interest payments, APRA giving its prior approval.

10.4.4 Redemption, Conversion and Exchange

Westpac may elect to redeem Notes for cash (subject to any required APRA approval) or convert Notes into Ordinary Shares (which are then issued directly to Westpac TPS Holders) in the same circumstances as the Issuer may Redeem or Convert – see Section 2.7.

Westpac is required to exchange all Notes for Preference Shares (which are issued directly to Westpac TPS Holders) upon the occurrence of an Automatic Exchange Event.

On redemption, the redemption amount received by the Issuer will be equal to the Issue Price (except as required in Section 10.4.1) and will be used by the Issuer to pay Westpac TPS Holders the Redemption Price for their Westpac TPS being simultaneously Redeemed.

On conversion of Notes, the number of Ordinary Shares issued to Westpac TPS Holders will be calculated using the Conversion Number formula – see Section 2.7.5. Each Ordinary Share issued on conversion will rank equally with all other Ordinary Shares.

On an exchange of Notes, a Note with an Issue Price of \$100 will exchange into one Preference Share with a Preference Share Issue Price of \$100.

On redemption, conversion or exchange of a Note and the payment of any Interest Payments due on the Realisation Date, all other rights or restrictions under that Note will no longer have effect.

If on a Realisation Date, the redemption amount is not paid or Ordinary Shares or a Preference Share are not issued on a redemption, conversion or exchange of Notes (as the case may be), the relevant Note remains on issue until the Westpac TPS Holder receives the Ordinary Shares or the Preference Share in respect of Notes or the cash amount on Redemption.

10.4.5 Payments

Westpac may deduct from any Interest Payment to the Issuer any taxes, duties or levies required by law to be deducted in which case Westpac must pay the full amount of that deduction to the relevant authority. If any such deduction is made in respect of New Zealand tax, Westpac must gross-up payments so that the Issuer receives the same amount in respect of the Interest Payment as if no such deduction had been made, except to the extent that the relevant tax is imposed by reason of the Issuer or any Westpac TPS Holder having some connection with New Zealand other than the mere holding of Notes or receipt of Interest Payments on Notes or

failing to comply with statutory requirements or make a relevant declaration or claim.

The Issuer has no right to set off any amounts owing by it to Westpac against any claims owing by Westpac to the Issuer.

10.4.6 Amendment of Note Terms

Westpac may amend the Note Terms, subject to compliance with any applicable law and with any required APRA approval, if in Westpac's opinion the amendment is of a minor or technical nature, corrects any ambiguity or manifest error, is necessary to comply with the requirements of any statute, or will not materially adversely affect the interests of the Issuer or the Westpac TPS Holders. Westpac may also amend the Note Terms with the Issuer's consent.

10.4.7 Substitution of Westpac as Issuer of the Notes

Westpac may, with the prior approval of APRA (if required) substitute for itself any other member of the Westpac Group as the debtor (a substituted Issuer) in respect of Notes by giving notice to the Issuer, provided that:

- Westpac and the substituted Issuer have entered into all documents necessary to give effect to the substitution and under which the substituted Issuer gives prescribed undertakings, Westpac remains obliged to issue Ordinary Shares or Preference Shares on Conversion or Exchange, and Westpac undertakes to guarantee the obligations of the substitute Issuer;
- all necessary authorisations, regulatory and government approvals and consents for the substitution and performance of the substituted Issuer have been obtained;
- if applicable, the substituted Issuer has appointed a process agent in connection with Notes and relevant transaction documents; and
- Westpac is satisfied that the substitution will not materially adversely affect the interests of the Issuer or Westpac TPS Holders as a whole.

Upon a substitution, the substituted Issuer will assume Westpac's rights and obligations under Notes (except in relation to the issue of Ordinary Shares and Preference Shares). The substituted

Issuer may in turn effect a further substitution on the same terms as set out above, with the consent of Westpac.

10.5 Undertaking Deed

Westpac's obligations in relation to Westpac TPS are prescribed by the Undertaking Deed entered into by the Issuer and Westpac on 10 May 2006.

10.5.1 Undertakings relating to Westpac TPS Terms

Under the Undertaking Deed, Westpac unconditionally and irrevocably undertakes to the Issuer, for the benefit of Westpac TPS Holders:

- to issue on each Realisation Date, the number of Ordinary Shares required to be issued to enable the Issuer to comply with its obligations to Convert on the Realisation Date, and to do all other things required to be done by Westpac to enable Conversion under the Westpac TPS Terms;
- to issue on each Realisation Date, the number of Preference Shares required to be issued to enable the Issuer to comply with its obligations to Exchange on the Realisation Date, and to do all other things required to be done by Westpac to enable Exchange under the Westpac TPS Terms;
- to comply with Westpac's obligations in relation to the Stopper under clause 2.6 of the Westpac TPS Terms – see Section 2.6.12;
- to provide Westpac TPS Holders with all documents required to be provided to them under the Westpac TPS Terms;
- to give notice to the Issuer of the occurrence of an Automatic Exchange Event as soon as practicable after becoming aware of the relevant Automatic Exchange Event to enable the Issuer to comply with its obligation to give notice to Westpac TPS Holders;
- to comply with all other things which are specified in the Westpac TPS Terms to be done or not done by Westpac and to do all other things which are necessary to be done by Westpac to enable the Issuer to comply with its other obligations under the Trust Constitution and the Westpac TPS Terms; and

- to maintain all necessary corporate authorisations to enable Westpac to perform each of the above undertakings.

Westpac must provide the Issuer with:

- copies of all announcements made by Westpac to comply with its disclosure obligations under all applicable Australian laws and requirements, including the ASX Listing Rules, at the same time as Westpac releases those announcements to the market; and
- such other information about Westpac that Westpac determines may have a material impact on the price or value of Westpac TPS and which Westpac is not otherwise entitled under the ASX Listing Rules to exclude from disclosure.

10.5.2 Other undertakings

In addition, under the Undertaking Deed, Westpac has agreed for as long as the Issuer is a member of the Westpac Group to:

- reimburse the Issuer for expenses incurred in relation to the proper performance of its duties in respect of the Trust or the Westpac TPS;
- indemnify the Issuer for any liabilities of the Issuer in connection with the Trust or the Westpac TPS except to the extent that the liability arises out of the Issuer's fraud, negligence, wilful default, breach of trust or breach of duty; and
- indemnify each member of the Trust's compliance committee for any liabilities for which they are entitled to be indemnified under the Trust Constitution.

If Westpac makes a taxable supply to the Trust in relation to the issue of Westpac TPS, the Issuer will pay Westpac a once-off fee equal to the amount of any input tax credit the Trust is entitled to in relation to that supply.

Any amendment or addition to the Trust Constitution which changes or otherwise affects the rights and obligations of Westpac under the Westpac TPS Terms or Undertaking Deed does not bind Westpac unless approved by Westpac.

The Issuer agrees, on request from Westpac, where permitted by the Trust Constitution to do so, to amend or, otherwise, to convene a meeting of Westpac TPS Holders to consider and (if thought fit) pass a Special Resolution to amend, the Trust Constitution in a manner consequential upon an amendment or change to the other Transaction Documents, or to make the Trust Constitution and the other Transaction Documents consistent.

The Issuer agrees that, where permitted by the Trust Constitution to do so, it will allow Westpac to amend the Preference Share Terms in a manner consequential upon an amendment or change to the Trust Constitution or other Transaction Documents, or to make the Preference Share Terms and the other Transaction Documents consistent.

The Undertaking Deed will terminate automatically on the date of final distribution following termination of the Trust, and if Westpac or another member of the Westpac Group cease to be the Ordinary Unitholder.

10.6 Summary of the Offer Management Agreement

The Issuer, Westpac and the Joint Lead Managers entered into the Offer Management Agreement on or about 10 May 2006. Under the Offer Management Agreement the Issuer and Westpac have appointed UBS as the structuring adviser for the Offer and the Joint Lead Managers as joint lead managers and joint bookrunners for the Offer.

The Joint Lead Managers have agreed under the Offer Management Agreement to conduct the Bookbuild for the purpose of setting the Initial Margin and determining the Allocation of Westpac TPS to Institutional Investors and Syndicate Brokers.

The Offer Management Agreement contains various representations and warranties, and imposes various obligations on each of the Issuer and Westpac, including representations, warranties and undertakings to ensure that this PDS complies with the Corporations Act and the ASX Listing Rules, and to conduct the Offer according to the agreed timetable, and in compliance with the Corporations Act, the Trust Constitution, the Listing Rules, this PDS and other applicable laws.

The Offer Management Agreement imposes an obligation on Westpac to not allot, agree to allot, or indicate that it may or will allot or agree to allot any hybrid or preference security with Tier 1 Capital status in the domestic market at any time before the Issue Date other than pursuant to the Offer, without the consent of the Joint Lead Managers (not to be unreasonably withheld or delayed).

Westpac has agreed to indemnify the Joint Lead Managers, their related bodies corporate and each of their directors, officers, employees and advisers against claims, demands, 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 party.

The Joint Lead Managers have agreed to provide settlement support for Westpac TPS allocated to Institutional Investors and Syndicate Brokers. As part of that settlement support, the Joint Lead Managers (except Westpac) will each pay, or procure payment of, 25% of the aggregate proceeds raised from Institutional Investors and Syndicate Brokers (other than the JLM Broker Firms) through the Bookbuild. The Joint Lead Managers will each pay, or procure the payment of, the proceeds raised from their JLM Broker Firm through the Bookbuild.

Under the Offer Management Agreement, Westpac will pay:

- UBS a structuring fee of \$2,625,000;
- The Joint Lead Managers in equal proportions:
 - a bookrunning fee of 0.5% of the amount being the lesser of the total proceeds of the Offer and \$500 million;
 - an institutional selling fee of 0.5% of the proceeds raised from Institutional Investors through the Bookbuild;
 - a broker firm selling fee of 1.0% of the proceeds raised from Syndicate Brokers (other than the JLM Broker Firms) through the Bookbuild; and
- Each Joint Lead Manager a broker firm selling fee of 1.0% of the proceeds raised from that Joint Lead Manager's JLM Broker Firm through the Bookbuild.

The Joint Lead Managers are responsible for paying all selling fees and other commissions payable by the Joint Lead Managers to Institutional Investors and Syndicate Brokers.

Each Joint Lead Manager may terminate its obligations under the Offer Management Agreement by notice in writing to the Issuer (with a copy to the other Joint Lead Managers) on the occurrence of a number of customary termination events, including a credit rating downgrade of Westpac or Westpac TPS, a specified fall in the UBS Composite Bond Index, ASIC stop order, ASX refusal to admit the Issuer to the ASX official list, a Supplementary PDS is required under section 1014A of the Corporations Act, any person withdraws their consent to be named in the PDS, certain breaches of the Offer Management Agreement, the Issuer withdraws the PDS or the Offer, trading of Ordinary Shares or FIRsTS is halted or quotation of Ordinary Shares or FIRsTS is suspended for a certain period of time, unauthorised alterations to share capital or transaction documents, and a material adverse change in the position or prospects of members of the Westpac Group.

Under the Offer Management Agreement, if one Joint Lead Manager terminates, the other Joint Lead Managers must give notice in writing to the Issuer 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).

10.7 Payment Settlement Deed

Westpac and the Issuer have entered into a Payment Settlement Deed on or about 10 May 2006. Under that deed, the Issuer and Westpac have agreed that the Issuer's obligation to make distributions to Westpac as Ordinary Unitholder will be offset against Westpac's obligation to make Interest Payments, or payments of accumulated interest, to the Issuer on the Notes, rather than be satisfied in cash. Accordingly, on the Distribution Payment Dates only the net amount owing (if any) will be paid by Westpac to the Issuer in cash.

Additional information

11

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

These include the availability of certain relevant documents for inspection, the consents of persons whose names or statements have been included in this PDS, the disclosure of interests of the Directors of the Issuer and the concessions that regulators have granted to the Issuer and Westpac in respect of the Offer.

11.1 Restrictions on ownership for Westpac

The *Financial Sector (Shareholdings) Act 1998* restricts ownership by people (together with their associates) of an Australian bank to 15% of the total voting shares outstanding. A shareholder may apply to the Australian Treasurer to extend its ownership beyond 15%, but approval will not be granted unless the Treasurer is satisfied that a holding by that person greater than 15% is in the national interest.

Acquisitions of interests in shares in Australian companies by foreign persons are subject to review and approval 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 may affect their holding of Westpac TPS or ownership of Ordinary Shares or Preference Shares.

11.2 Information, disclosure and availability

11.2.1 Availability of Trust information

Following the issue of Westpac TPS, the Trust will be a disclosing entity for the purposes of the Corporations Act and will be subject to regular reporting and disclosure obligations under the Corporations Act and the Listing Rules. These obligations require that ASX be continuously notified of information about specific events and matters as they arise for the purpose of ASX making the information available to the stock market conducted by ASX. In particular, the Issuer will have an obligation under the ASX Listing Rules (subject to certain limited exceptions) to notify ASX immediately of any information concerning the Trust of which it becomes aware and which a reasonable person would expect to have a material effect on the price or value of Westpac TPS. It will also be required to prepare and lodge with ASIC both yearly and half yearly financial statements

accompanied by a directors' statement and report, and an audit or review report. Copies of documents lodged with ASIC in relation to the Trust may be obtained from, or inspected at, an ASIC office.

Westpac is also a disclosing entity for the purposes of the Corporations Act and is subject to the same reporting and disclosure obligations described above.

11.2.2 Accessing information about the Trust and Westpac

The Issuer 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 PDS:

- the financial statements of Westpac for the year ended 30 September 2005 (being the most recent annual financial report lodged with ASIC before the lodgement of this PDS);
- the half yearly financial statements of Westpac for the half year ended 31 March 2006 (being the most recent half yearly financial report lodged with ASIC before the lodgement of this PDS);
- any document or financial statement lodged for the Trust or by Westpac with ASIC or ASX under the continuous disclosure reporting requirements in the period after the lodgement of the annual financial report and before the Closing Date;
- the Westpac Constitution;
- the Trust Constitution (including schedules);
- the Note Deed (including Notes Terms);
- the Undertaking Deed; and
- the Payment Settlement Deed.

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

Westpac Group Secretariat
Level 25
60 Martin Place
Sydney NSW 2000

Copies of documents lodged with ASIC in relation to the Trust and Westpac may also be obtained from, or inspected at, an office of ASIC.

The Issuer will also provide Westpac TPS holders with a statement upon allotment of their Westpac TPS and a periodic statement for each reporting period, including details of Distributions paid during that period and other information. However, because the first Distribution Payment Date is scheduled for 30 September 2006, a periodic statement will not be provided to Westpac TPS Holders for the period ended 30 June 2006.

In addition, Westpac's commitment to operating in a sustainable and socially responsible manner is outlined in Westpac's social accountability charter, "Our Principles for Doing Business". Westpac reports annually in relation to the policies and practices contained within the charter through a Stakeholder Impact Report, which measures Westpac's performance against over 100 social, financial and environmental key performance indicators. Both of these documents are available at www.westpac.com.au.

11.3 Consents

Each Director of the Issuer has given, and not withdrawn, their consent to the lodgement of this PDS with ASIC.

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

1. has not made any statement in this PDS or any statement on which a statement made in this PDS is based, other than as specified in paragraphs (4), (5) and (6) below;
2. to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any statements or omissions from this PDS, other than the reference to its name and/or statement or report included in this PDS with the consent of that Consenting Party;
3. has given and has not, before the lodgement of this PDS with ASIC, withdrawn its written consent to be named in this PDS in the form and context in which it is named;
4. in the case of Westpac, has given and has not, before the lodgement of this PDS with ASIC, withdrawn its consent to the inclusion of the statements or information by or on Westpac or

the Westpac Group in the form and context in which they appear in the PDS;

5. in the case of the tax adviser, has given and has not, before the lodgement of this PDS with ASIC, withdrawn its written consent to the inclusion of the Taxation Letter by that person in the form and context in which it appears in the PDS; and
6. in the case of Standard & Poor's, has given, and has not, before lodgement of this PDS with ASIC, withdrawn its consent to inclusion in the statements in this PDS as it relates to various of its ratings and to being named in this PDS in the form and context in which it is so named.

| Role | Consenting Parties |
|---|--|
| Joint Lead Managers | Westpac Deutsche Bank Goldman Sachs JBWere Macquarie UBS |
| Co-Managers | ABN AMRO Morgans CommSec Grange Securities Ord Minnett |
| Legal adviser to the Offer | Mallesons Stephen Jaques |
| Legal adviser to the responsible entity of the Trust | Gilbert + Tobin |
| Tax adviser | Allens Arthur Robinson |
| Auditor | PricewaterhouseCoopers |
| Registry | Link Market Services Limited |
| Rating Agency | Standard & Poor's (Australia) Pty Limited |
| Westpac (as party consenting to inclusion of certain information) | Westpac |

11.4 Interests of advisers

UBS has acted as structuring adviser and a Joint Lead Manager, in respect of which it will receive the fees set out in Section 10.6.

Westpac, Goldman Sachs JBWere, Deutsche Bank and Macquarie have acted as Joint Lead Managers, in respect of which they will receive the fees set out in Section 10.6.

ABN AMRO Morgans, CommSec, Grange Securities and Ord Minnett are acting as Co-Managers for the Offer. The Joint Lead Managers will be responsible for fees payable to each Co-Manager – see Section 10.6.

Certain institutional investors have committed to the Joint Lead Managers to bid into the Bookbuild for at least \$245 million in aggregate of Westpac TPS at the lower end of the bookbuild range. Those institutional investors will be paid a fee of 0.5% of their Allocation pursuant to their cornerstone bid provided that they remain beneficial holders of at least the number of Westpac TPS Allocated to them pursuant to their cornerstone bid until 30 September 2006.

Mallesons Stephen Jaques have acted as legal adviser to Westpac and the Issuer in relation to the Offer and have performed work in relation to preparing the due diligence and verification program and performing due diligence required on legal matters. In respect of this work, Westpac estimates that it will pay approximately \$950,000 (excluding disbursements and GST) to Mallesons Stephen Jaques. Further amounts may be paid to Mallesons Stephen Jaques under its normal time-based charges.

Gilbert + Tobin have acted as legal adviser to the responsible entity of the Trust in relation to the Offer. In respect of this work, the Issuer estimates that it will pay approximately \$100,000 (excluding disbursements and GST) to Gilbert + Tobin. Further amounts may be paid to Gilbert + Tobin under its normal time-based charges.

Allens Arthur Robinson have acted as tax adviser to the Issuer and Westpac in relation to the Offer and have performed work in relation to due diligence required on taxation matters and have prepared the Taxation Letter included in Section 9. In respect of this work, Westpac estimates that it will pay approximately \$300,000 (excluding disbursements and GST) to Allens Arthur Robinson. Further amounts may be paid to Allens Arthur Robinson under its normal time-based charges.

PricewaterhouseCoopers have acted as the auditor for the Issuer and Westpac and have performed work in relation to due diligence required on

accounting matters, the content of this PDS relating to accounting matters and the proposed accounting treatment of the Offer from the perspective of the Issuer and the Trust. In respect of this work, Westpac estimates that it will pay approximately \$100,000 (excluding disbursements and GST) to PricewaterhouseCoopers. Further amounts may be paid to PricewaterhouseCoopers under its normal time-based charges.

Westpac is paying all the costs of advisers as described above.

11.5 Interests of the Directors of the Issuer

The table below sets out the interests of the Directors of the Issuer in Ordinary Shares and Westpac FIRsTS as at the date of this PDS. The Westpac FIRsTS holders and Ordinary Shareholders listed below will be entitled to participate in the Offer on the same basis as other Eligible Securityholders.

| Name | Westpac FIRsTS | Ordinary Shares |
|---------------|----------------|-----------------|
| Sean McElduff | Nil | 10,030 |
| Jim Tate | Nil | 16,589 |
| Alan Cameron | Nil | Nil |
| Liam Forde | Nil | Nil |

Except as set out above, no Director of the Issuer or proposed Director of the Issuer, nor any firm in which any Director of the Issuer or proposed Director of the Issuer is a partner, has, or has had in the two years before lodgement of this PDS with ASIC, any interest in:

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

Except as set out above, no amount (whether in cash or shares or otherwise) has been paid or agreed to be paid, nor has any benefit been given or agreed to be given, to any Director of the Issuer or proposed Director of the Issuer, nor any firm in which any Director of the Issuer or proposed

Director of the Issuer is a partner, either to induce them to become, or to qualify them as, a Director of the Issuer or otherwise for services provided by them in connection with the formation or promotion of the Issuer or with the Offer.

11.6 Westpac legal proceedings

Contingent liabilities exist in respect of actual and potential claims and proceedings against Westpac. An assessment of Westpac's likely loss has been made on a case-by-case basis and a provision has been made where appropriate.

11.6.1 Bell Group of Companies

Westpac is one of 20 defendants named in proceedings concerning the Bell Group of companies. The proceedings have been brought by the liquidators of several Bell Group companies and seek to challenge Westpac's entitlement to receive the proceeds of realisation of Bell Group assets in the early 1990's. The proceedings are complex and the trial is anticipated to continue for a further 6 months. Judgment is not expected for a reasonable time after the trial is concluded. It is not possible to estimate the potential impact, however, Westpac believes that it has good prospects of success.

11.6.2 Commission fees on New Zealand card transactions

The New Zealand Commerce Commission has laid 105 charges (plus one duplicate charge) against Westpac, along with several other New Zealand credit card providers, under the Fair Trading Act 1986 in relation to disclosure of international currency conversion fees charged on credit and debit card transactions. Penalties under the Fair Trading Act 1986 could include a fine of up to NZD200,000 per charge and refunds to customers of fees collected. A hearing in relation to those charges is scheduled for September 2006. The Commission has also served Westpac with separate proceedings claiming refunds of the currency conversion fees paid by the customers during the relevant periods covered by the claim. In addition, the Commission has served 29 charges on The Warehouse Financial Services Limited, a member

of the Westpac Group. The Warehouse Financial Services Limited is a joint venture with The Warehouse Limited, a New Zealand retailer, where 51% is held by Westpac Banking Corporation (and consolidated) and 49% held by The Warehouse Limited. No civil proceedings have been commenced against The Warehouse Financial Services Limited. Westpac continues to assess its evidence and to consider options.

11.6.3 New Zealand Inland Revenue Department

The New Zealand Inland Revenue Department (NZIRD) is reviewing a number of structured finance transactions undertaken in New Zealand and has issued revised assessments in respect of 7 transactions, 3 undertaken in the 1999 tax year, 2 undertaken in the 2000 tax year and 2 undertaken in the 2001 tax year. The maximum potential tax liability reassessed for the 1999 year is NZD18 million (with interest NZD25 million), for the 2000 year is NZD61 million (with interest NZD85 million) and for the 2001 year is NZD90 million (with interest NZD127 million).

The NZIRD is also investigating other transactions undertaken by Westpac, which have materially similar features to those for which assessments have been received. Should the NZIRD take the same position across all of these transactions, for the periods up to and including 31 March 2006, the overall primary tax in dispute will be approximately NZD611 million (this includes the amounts noted above). With interest this increases to approximately NZD773 million (calculated to 31 March 2006).

Proceedings disputing the reassessments with respect to the 1999 and 2000 tax years have been commenced and further proceedings will be commenced to dispute the reassessments in respect of the 2001 tax year. Westpac is confident that the tax treatment applied in all cases is correct. A ruling was sought from the NZIRD on an initial transaction in 1999 which, following extensive review by the NZIRD, was confirmed in early 2001. The principles underlying that ruling are applicable to, and have been followed in, all subsequent transactions.

11.7 ASIC relief

Applications for declarations, modifications and exemptions from the application of provisions of the Corporations Act have been obtained by the Issuer from ASIC in relation to the following matters:

- (a) an exemption under section 1020F(1)(a) of the Corporations Act from section 1016B of the Corporations Act such that the exposure period provisions do not apply to this PDS;
- (b) a modification under section 601QA(1)(b) of the Corporations Act from the liquidity provisions to permit the procedures for making and dealing with a withdrawal set out in the Trust Constitution in respect of Redemption, Conversion and Exchange to be the only permissible withdrawal procedures;
- (c) an exemption under section 601QA(1)(a) of the Corporations Act to permit the unequal treatment of Westpac TPS Holders in circumstances where Westpac TPS held by a foreign Westpac TPS Holder (Foreign Member) are to be Converted or Exchanged and Westpac considers that it would be unreasonable to issue Ordinary Shares or Preference Shares having regard to:
 - the number of Foreign Members in that place;
 - the number and value of the Ordinary Shares or Preference Shares that may be issued to Foreign Members in that place; and
 - the cost of complying with legal or regulatory requirements applicable to issuing the Ordinary Shares or Preference Shares in that place,
- (d) an exemption under section 741(1) of the Corporations Act to enable persons to on sell:
 - (A) Ordinary Shares; and
 - (B) Preference Shares,without an Australian disclosure document where they have received the Ordinary Shares on Conversion of Westpac TPS or on Conversion of Preference Shares and where they have received Preference Shares on Exchange;
- (e) an exemption under section 1020F(1)(a) of the Corporations Act from section 1012B of the Corporations Act to permit the Issuer to include in this PDS, Moody's credit rating of Westpac's credit worthiness and Westpac TPS without obtaining Moody's consent;
- (f) an exemption under section 259C(2) of the Corporations Act to permit Westpac shares to be held by certain Westpac entities (including statutory funds and managed investment schemes controlled by Westpac entities) on Conversion or Exchange.

in which case, Westpac may in its discretion issue Ordinary Shares or Preference Shares to a nominee, who will sell the shares and pay the proceeds net of its costs to the Issuer to hold on trust for the foreign Westpac TPS Holder;

11.8 ASX waivers and approvals

An application for "in-principle" relief has been made to ASX for the following waivers from, and confirmations in relation to the ASX Listing Rules (LR):

- (a) LR 1.1, Condition 1: a confirmation that the structure and operations of the Trust are appropriate for a listed entity;
- (b) LR 1.1, Condition 5: a waiver of this LR in respect of Redemption, Conversion and Exchange;
- (c) LR 1.1, Condition 6: a confirmation that Westpac TPS are treated as the Trust's main class of securities;
- (d) LR 1.3.5(c): a confirmation that the Trust need not provide a reviewed pro-forma balance sheet for the purpose of LR 1.3.5(c) on condition that the PDS contains a pro-forma balance sheet that is not reviewed;

- (e) LR 1.3.5(a): a confirmation that the Trust does not have to provide accounts for the last three years under Listing Rule 1.3.5(a);
- (f) LR 6.1: a confirmation that the Westpac TPS Terms and the Preference Share Terms are in ASX's opinion, appropriate and equitable;
- (g) LR 6.3.2A: a waiver of LR 6.3.2A to the extent necessary to permit Preference Share holders to vote on a resolution to approve the terms of a buy-back agreement other than a resolution to approve a Redemption;
- (h) LR 6.10: a confirmation that LR 6.10 does not apply to the terms of issue of the Westpac TPS or Preference Shares, which provide for changes to the Distribution Rate;
- (i) LR 6.12: a confirmation that LR 6.12 does not apply to the Trust Constitution, the Westpac TPS Terms and the Preference Share Terms which provide for Conversion, Exchange and Redemption;
- (j) LR 6.24 in respect of Clause 1 of Appendix 6A: a waiver so that the rate and amount of a Distribution need not be advised to ASX when announcing a Distribution and Record Date on condition that an estimated Distribution Rate is advised to ASX and the actual Distribution Rate is advised to ASX as soon as it becomes known;
- (k) LR 7.1.4: confirmation that Westpac, in calculating the number of Ordinary Shares that may be issued under LR 7.1, to notionally Convert Westpac TPS or Preference Shares at the market price of the Ordinary Shares at the time the Issuer announces the intention to promote the issue of Westpac TPS. A confirmation that LR 7.2, exception 4 will apply to any future Conversion of Westpac TPS or Preference Shares;
- (l) LR 10.1: a confirmation that LR 10.1 will not apply to transfers between Westpac and the Trust of a "substantial asset" and a waiver of LR 10.1 to permit the Conversion, Exchange or Redemption of Westpac TPS without Westpac TPS Holder approval on condition that the proposed transactions are disclosed in the PDS;
- (m) LR 10.11:
 - (i) a waiver to permit Westpac TPS (and any Ordinary Shares or Preference Shares into which Westpac TPS may Convert or be Exchanged) to be issued to the Westpac Directors and the Directors of the Issuer (and their associates) without security holder approval on condition that the Westpac Directors and the Directors of the Issuer (and their associates) are collectively restricted to applying for no more than 0.2% of the total issue of Westpac TPS;
 - (ii) a confirmation that Listing Rule 10.11 will not apply to the issue of Westpac TPS (and any Ordinary Shares or Preference Shares into which Westpac TPS may Convert or be Exchanged) to Westpac as settlement underwriter, fund managers, custodians and responsible entities of managed investment schemes which are controlled by Westpac;
- (n) LR 11.1.2 and 11.1.3: a confirmation that LR 11.1.2 and 11.1.3 will not apply if the Trust makes a significant change, either directly or indirectly to the nature or scale of its activities by reason of a Redemption, Conversion or Exchange on condition that the proposed transactions are disclosed in the PDS;
- (o) LR 11.2: a waiver from LR 11.2 to the extent necessary to permit the Trust to dispose of its main undertaking by Converting, Exchanging or Redeeming Westpac TPS without seeking Westpac TPS Holder approval on condition that the proposed transactions are disclosed in the PDS;
- (p) The ASX does not consider the Trust to be an "investment entity" for the purposes of the Listing Rules; and
- (q) deferred settlement trading: approval to allow Westpac TPS, for a short time following the Issue Date and quotation of Westpac TPS on ASX, to trade on a deferred settlement trading basis.

11.9 Foreign selling restrictions

11.9.1 Other foreign jurisdictions

The distribution of this PDS (including an electronic copy) in jurisdictions outside Australia may be restricted by law. If you come into possession of this PDS 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 PDS 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 Westpac TPS or the Offer or to otherwise permit a public offering of Westpac TPS in any jurisdiction outside Australia.

11.9.2 United States

This PDS does not constitute an offer of any Westpac TPS in the United States or to any US Person.

Westpac TPS have not been, and will not be, registered under the US Securities Act of 1933, as amended (the "US Securities Act"). Therefore, Westpac TPS may not be offered, sold, or resold, directly or indirectly, in the United States or to, or for the account or benefit of, US Persons (as defined under Regulation S under the US Securities Act) except according to an available exemption from the registration requirements of the US Securities Act. Each person submitting an Application Form or otherwise purchasing Westpac TPS under the Offer will be deemed to have:

- (a) acknowledged that Westpac TPS have not been, and will not be, registered under the US Securities Act, and may not be offered, sold or resold in the United States or to, or for the account or benefit of, a US Person except under an available exemption from registration; and

(b) represented, warranted and agreed as follows:

- (i) it is not in the United States or a US Person and is not acting for the account or benefit of a US Person;
- (ii) it is not engaged in the business of distributing securities, or, if it is, it will not offer, sell or resell in the United States or to any US Person:
 - (A) any Westpac TPS it acquires under or according to the Offer at any time; or
 - (B) any Westpac TPS it acquires other than under or according to the Offer until the end of 40 days after the date on which Westpac TPS are Allocated under the Offer (other than by way of ordinary brokerage transactions on ASX where neither the seller nor any person acting on its behalf knows, or has reason to know, that the sale has been prearranged with, or that the purchaser is, a person in the United States); and
- (iii) if it is entitled to receive any fees or commission in connection with any purchase of Westpac TPS to which the Application or bid relates, it will not directly or indirectly pay or re-allow any portion of such fee or commission to any other person.

Any person who is in the United States, is a US Person or does not make the representation and warranty set out above is not entitled to acquire any Westpac TPS.

Until 40 days after the commencement of the Offer, an offer or sale of Westpac TPS in the United States or to any US Person by any dealer (whether or not participating in the Offer) may violate the registration requirements of the US Securities Act if such offer or sale is made otherwise than in accordance with an exemption from registration under the US Securities Act. Terms used in this Section 11.9.2 have the meanings given to them by Regulation S under the US Securities Act.

11.9.3 New Zealand

This PDS has not been and will not be registered in New Zealand. Westpac TPS may not be offered or sold directly or indirectly in New Zealand, other than to persons:

- whose principal business is the investment of money or who in the course of and for the purposes of their business, habitually invest money; or
- who are each required to subscribe at least NZD500,000 for Westpac TPS; and
- in each case in circumstances which do not constitute an offer to the public within the meaning of section 3(2) of the New Zealand Securities Act 1978.

11.10 Acknowledgment and privacy statement

By completing an Application Form you acknowledge that you have read this PDS.

Applicants will be asked to provide personal information to the Issuer (directly or via the Registry). The Issuer (and the Registry on its behalf) collects, holds and uses that personal information in order to provide facilities and services that Applicants request, and carry out appropriate administration. Access to the information may be provided to other Westpac parties and to the Issuer's agents and service providers on the basis that they deal with such information in accordance with the Issuer's privacy policy.

Under the *Privacy Act 1988* (Cth), an Applicant may request access to their personal information held by (or on behalf of) the Issuer. An Applicant can request access to their personal information by contacting the Registry. The Issuer has adopted the Westpac privacy policy.

A copy of the Westpac privacy policy can be obtained by visiting www.westpac.com.au.

11.11 Updates to Original PDS

The material differences between this PDS and the Original PDS are:

- the inclusion of the Initial Margin in Sections 1 and 2 and in Schedules B and C;
- the increase in the Offer size from approximately \$500 million to approximately \$700 million throughout the document; and
- consequential updates to the pro-forma financial information in Sections 5 and 6.

There are a number of other amendments incorporated in this PDS. These are either consequential to the amendments described above, have been made to reflect events occurring between the dates of the Original PDS and this PDS, or have been made for clarity.

Glossary

A

The following is a glossary of terms used in this PDS.

Defined terms in this glossary and in clause 12.2 of the Westpac TPS Terms and clause 9.2 of the Preference Share Terms are used throughout this PDS and the attached, or accompanying Application Forms.

| | |
|----------------------------|---|
| AASB | Australian Accounting Standards Board |
| ABN | Australian Business Number |
| ABN AMRO Morgans | ABN AMRO Morgans Limited (ABN 49 010 669 726, AFSL No. 235 410) |
| ACE | Adjusted Common Equity - equal to shareholders funds less hybrid equity, intangible assets, investments in insurance, funds management and securitisation entities and any other Tier 1 Capital deductions, except for the capitalised expenses deduction |
| ACE Ratio | ACE divided by Risk Weighted Assets |
| ACN | Australian Company Number |
| Acquisition Event | an event that occurs in the circumstances summarised in Section 2.7.7 and as defined in clause 12.2 of the Westpac TPS Terms and clause 9.2 of the Preference Share Terms |
| AFSL | Australian Financial Services Licence |
| AFSL No. | AFSL number |
| AGAAP | the recognition and measurement principles prescribed in Australian Accounting Standards and other mandatory professional reporting requirements set by the AASB |
| A-IFRS | Australian equivalents of IFRS |
| Allocation | the number of Westpac TPS allocated under this PDS to: <ul style="list-style-type: none"> ■ 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 |
| Allotted | the issue of Westpac TPS to a successful Applicant on the Issue Date under their Allocation |
| Applicant | a person who submits an Application |
| Application | a valid application made under this PDS by using the applicable Application Form to apply for a specified number of Westpac TPS |
| Application Form | each of the application forms attached to, or accompanying, this PDS upon which an Application may be made: <ul style="list-style-type: none"> ■ the Broker Firm Application Form in the back of this PDS or on a Syndicate Broker's Website; and ■ the pink personalised Securityholder Application Form supplied by the Issuer upon request to Eligible Securityholders |
| Application Payment | the monies payable on Application, calculated as the number of Westpac TPS applied for multiplied by the Issue Price |
| APRA | Australian Prudential Regulation Authority (ABN 79 635 582 658) |
| APRA Event | an event that occurs in the circumstances summarised in Section 2.8.4 and as defined under clause 12.2 of the Westpac TPS Terms |

| | |
|-------------------------------------|---|
| ASIC | Australian Securities and Investments Commission |
| ASTC | ASX Settlement and Transfer Corporation Pty Ltd (ABN 49 008 504 532), the securities clearing house of ASX |
| ASX | Australian Stock Exchange Limited (ABN 98 008 624 691) |
| ASX Listing Rules | the listing rules of ASX with any modification or waivers which ASX may grant to the Issuer or Westpac. Listing Rules has the corresponding meaning |
| Automatic Exchange Event | an event that occurs in the circumstances summarised in Section 2.8.4 and as defined in clause 5.2 of the Westpac TPS Terms |
| Bank Bill Rate | the average mid-rate for 90 day bank bills (expressed as a percentage per annum) which average rate is displayed on Reuters page BBSW (or any page that replaces that page) on the first Business Day of the Distribution Period, as defined in clause 2.1 of the Westpac TPS Terms and in relation to Dividends as defined in clause 2.1 of the Preference Share Terms |
| Bookbuild | the process conducted by the Joint Lead Managers as agents for the Issuer and Westpac to determine the Initial Margin and firm Allocations of Westpac TPS to Syndicate Brokers and Institutional Investors – see Section 4.2.1 |
| Broker Firm Applicant | an Australian resident retail client of a Syndicate Broker who applies for an allocation from a Syndicate Broker under the Broker Firm Offer |
| Broker Firm Application Form | the grey application form in the back of this PDS and any electronic application form made available by a Syndicate Broker for Broker Firm Applicants to apply for Westpac TPS that have been Allocated to Syndicate Brokers under the Bookbuild |
| Broker Firm Offer | the invitation made to Australian resident retail clients of the Syndicate Brokers to apply for an allocation from the relevant Syndicate Broker under this PDS |
| Business Day | a Business Day as defined in ASX Listing Rules |
| Capital Securities | any equity, hybrid or subordinated debt capital security issued by Westpac which is or comprises part of an instrument which is Tier 1 Capital, but does not include Notes |
| CGT | capital gains tax |
| CHESS | Clearing House Electronic Subregister System operated by an associate of ASX |
| Closing Dates | the last day on which Applications will be accepted, expected to be: ¹ <ul style="list-style-type: none"> ■ 5.00pm on 13 June 2006 for the Securityholder Offer; and ■ 10.00am on 19 June 2006 for the Broker Firm Offer |
| Co-Managers | ABN AMRO Morgans Limited (ABN 49 010 669 726, AFSL No. 235 410); Commonwealth Securities Limited (ABN 60 067 254 399, AFSL No. 238 814); Grange Securities Limited (ABN 12 066 797 760, AFSL No. 246 572); Ord Minnett Limited (ABN 86 002 733 048, AFSL No. 237 121) |
| Commsec | Commonwealth Securities Limited (ABN 60 067 254 399, AFSL No. 238 814) |
| Consenting Party | each of the consenting parties named in Section 11.3 |

| | |
|----------------------------------|--|
| Conversion | <p>the process through which:</p> <ul style="list-style-type: none"> ■ Westpac TPS are redeemed and Westpac TPS Holders receive a number of Ordinary Shares calculated by using the Conversion Number under clauses 3, 4 and 6 of the Westpac TPS Terms; and ■ Preference Shares are Converted and Preference Shareholders receive a number of Ordinary Shares calculated by using the Conversion Number according to clause 3.7 of the Preference Share Terms <p>As the context requires, Convert, Converted and Convertible have the corresponding meaning</p> |
| Conversion Discount | <p>2.50%, expressed as a decimal 0.025 under clause 6.1(a)(i) of the Westpac TPS Terms and clause 3.7(b) of the Preference Share Terms</p> <p>If Conversion of Westpac TPS occurs as a result of a Trust Event, the Conversion Discount is zero under clause 6.1(a)(i) of the Westpac TPS Terms</p> |
| Conversion Number | <p>the lesser of the formula used to determine the number of Ordinary Shares issued on Conversion, in the case of Westpac TPS, of Westpac TPS under clause 6.2 of the Westpac TPS Terms and, in the case of Preference Shares, of Preference Shares under clause 3.7(b) of the Preference Share Terms, and the Maximum Conversion Number</p> |
| Corporations Act | <p>Corporations Act 2001 (Cth)</p> |
| CS Facility Operator | <p>the operator of a “prescribed CS facility” as defined in the Corporations Act</p> |
| Deutsche Bank | <p>Deutsche Bank, AG (ABN 13 064 165 162)</p> |
| Directors of the Issuer | <p>some or all of the directors of the Issuer, acting as a board</p> |
| Distributable Profits | <p>in relation to a Distribution or a Dividend:</p> <ul style="list-style-type: none"> ■ the consolidated net profits after tax of the Westpac Group for the last two half yearly financial periods for which results have been publicly announced (or any other amount determined by APRA); <p>less</p> <ul style="list-style-type: none"> ■ the aggregate dividends or other distributions paid or payable by a member of the Westpac Group on its Tier 1 Capital instruments (including dividends on Ordinary Shares but excluding intra-group dividends) on or before the Distribution Payment Date during the current financial year of Westpac <p>as defined in clause 12.2 of the Westpac TPS Terms and clause 9.2 of the Preference Share Terms</p> |
| Distribution | <p>a distribution on Westpac TPS under clause 2 of the Westpac TPS Terms and described in Section 10.2.5</p> |
| Distribution Payment Date | <p>each of the scheduled dates for payment of Distributions being 31 March, 30 June, 30 September and 31 December each year (commencing on 30 September 2006) and each Realisation Date as defined in clause 12.2 of the Westpac TPS Terms and clause 9.2 of the Preference Share Terms</p> |

| | |
|----------------------------------|--|
| Distribution Payment Test | <p>Distributions will be paid if the following conditions (Distribution Payment Test) are satisfied:</p> <ul style="list-style-type: none"> ■ the Westpac Directors have resolved that the Distribution is to be paid and notified the Issuer of that resolution; ■ the Trust has received sufficient income in respect of the Distribution Period; ■ the amount of the Distribution does not exceed the Distributable Profits of the Westpac Group (unless APRA gives its prior approval to the payment of the Distribution); and ■ APRA does not otherwise object to the payment of the Distribution <p>The Distribution Payment Test is described in Section 2.6.9 and defined in clause 2.3 of the Westpac TPS Terms</p> |
| Distribution Period | <ul style="list-style-type: none"> ■ for the first Distribution Period, the period from (and including) the Issue Date to (and including) the first Distribution Payment Date; ■ for Distribution Periods after that, the period from (and excluding) the preceding scheduled Distribution Payment Date to (and including) the next Distribution Payment Date <p>as defined in clause 12.2 of the Westpac TPS Terms</p> |
| Distribution Rate | the distribution rate on Westpac TPS calculated using the formula in clause 2.1 of Westpac TPS Terms |
| Dividend | a dividend on Preference Shares under clause 2 of the Preference Share Terms |
| Dividend Payment Date | each date that a Dividend is to be paid, which is scheduled to be 31 March, 30 June, 30 September and 31 December each year and on any Realisation Date as defined under clause 9.2 of the Preference Share Terms |
| Dividend Payment Test | <p>Dividends will be paid if following conditions are satisfied (Dividend Payment Test):</p> <ul style="list-style-type: none"> ■ the Westpac Directors resolve to pay a Dividend; ■ the amount of the Dividend does not exceed the Distributable Profits of the Westpac Group (unless APRA gives its prior approval to the payment of the Dividend); and ■ APRA does not otherwise object to the payment of the Dividend or, in the case of an Optional Dividend, APRA has given its prior approval <p>The Dividend Payment Test is described in clause 2.3 of the Preference Share Terms</p> |
| Dividend Period | <ul style="list-style-type: none"> ■ for the first Dividend Period, a period from (and including) the Preference Share Issue Date to (and including) the next Dividend Payment Date; ■ for Dividend Periods after that, the period from (but excluding) the preceding Dividend Payment Date to (and including) the following Dividend Payment Date <p>as defined in clause 9.2 of the Preference Share Terms</p> |
| Dividend Rate | the dividend rate on Preference Shares calculated using the formula in clause 2.1 of the Preference Share Terms |
| Eligible Securityholder | a registered Ordinary Shareholder or holder of Westpac FIRsTS as at 7.00pm on 4 May 2006 and are shown on the Register to have an address in Australia |

| | |
|--|--|
| Equal Ranking Debentures | TPS 2003 and 2004 Debentures and any other instrument, the claim under which ranks, or is expressed to rank, equally in a winding-up of Westpac to the claim of the holders of Notes |
| Equal Ranking Instruments | TPS 2003 and 2004 Debentures, and if the securities in respect of the TPS 2003 and 2004 Debentures (both for TPS 2003 and TPS 2004) have converted into TPS 2003 and 2004 Preference Shares, those preference shares and any other instrument the claim arising under which ranks, or is expressed to rank, equally with those securities for a return of capital in a winding-up of Westpac |
| Equal Ranking Preference Shares | TPS 2003 and 2004 Preference Shares and any other preference shares, the claim arising under which ranks, or is expressed to rank, equally in a winding-up of Westpac to the claim of the Preference Shareholders |
| Event of Default | the happening of one or more of the following events: <ul style="list-style-type: none"> ■ a Liquidation Event occurs in respect of Westpac ■ Westpac ceases or suspends conduct of all of its business; or ■ Westpac makes a payment in breach of the Stopper as defined in clause 12.2 of the Westpac TPS Terms |
| Exchange | the process which occurs automatically upon an Automatic Exchange Event, where Westpac TPS are Redeemed and Westpac TPS Holders receive one Preference Share for each Westpac TPS under clause 7 of the Westpac TPS Terms Exchanged and Exchangeable have the corresponding meaning |
| Exposure Period | the period from the day after the Original PDS was lodged with ASIC to the Opening Date |
| FIRsTS Debentures | the securities issued under the convertible debenture deed of Westpac dated 19 December 2002 in connection with Westpac FIRsTS |
| FIRsTS Preference Shares | any preference shares that may be issued under the FIRsTS Debentures |
| Foreign Westpac TPS Holder | a Westpac TPS Holder whose address in the Register is a place outside Australia |
| Goldman Sachs JBWere | Goldman Sachs JBWere Pty Ltd (ABN 21 006 797 897) |
| Grange Securities | Grange Securities Limited (ABN 12 066 797 760, AFSL No. 246 572) |
| GST | Goods and Services Tax |
| Holding Statement | a statement issued to Westpac TPS Holders by the Registry which sets out details of Westpac TPS Allotted to them under the Offer |
| IFRS | International Financial Reporting Standards |
| Initial Margin | for Westpac TPS and Preference Shares the margin determined under the Bookbuild that is 1.00% per annum |
| Institutional Investor | an investor to whom offers of securities can be made without the need for a PDS (or other formality, other than a formality which the Issuer is willing to comply with), including in Australia persons to whom offers of securities can be made without the need for a lodged PDS under Part 7.9 of the Corporations Act |

| | |
|--|---|
| Institutional Offer | the invitation to certain institutional investors to bid for Westpac TPS in the Bookbuild |
| Interest Payment | the interest payments on Notes as defined in clause 12.2 of the Westpac TPS Terms and described in Section 10.4.3 |
| Interest Payment Dates | correspond to the Distribution Payment Dates and are described in Section 10.4.3 |
| Interest Payment Test | <p>Interest Payments will be paid if the following conditions (Interest Payment Test) are satisfied:</p> <ul style="list-style-type: none"> ■ the Westpac Directors resolving to pay an Interest Payment; ■ the amount of the Interest Payment not exceeding the Distributable Profits of the Westpac Group (unless APRA gives its prior approval to the payment of the Interest Payment); and ■ APRA not otherwise objecting to the payment of the Interest Payment being paid or, in the case of a payment of accumulated interest, APRA having given its prior approval <p>The Interest Payment Test is described in Section 10.4.3</p> |
| Issue Credit Rating | a current opinion of the creditworthiness of an obligor with respect to a specific financial obligation, a specific class of financial obligations, or a specific financial program |
| Issue Date | the date Westpac TPS are issued to Westpac TPS Holders, expected to be 21 June 2006 ¹ |
| Issue Price | the issue price for Westpac TPS, being \$100 per Westpac TPS |
| Issuer | Westpac Funds Management Limited (ABN 28 085 352 405, AFSL No. 233718) as responsible entity of the Trust |
| Issuer Notice | <ul style="list-style-type: none"> ■ a notice given by the Issuer under clause 4.2 of the Westpac TPS Terms to Redeem or Convert Westpac TPS; and ■ a notice given by Westpac under clause 3.4 of the Preference Share Terms to Redeem or Convert Preference Shares |
| Issuer's Board | the board of Directors of the Issuer |
| JLM Broker Firm | means a participating broker that is associated with a particular Joint Lead Manager |
| Joint Lead Managers | UBS, Westpac, Deutsche Bank, AG, Goldman Sachs JBWere Pty Ltd and Macquarie Equity Capital Markets Limited |
| Junior Subordinated Debt Obligation | Debt obligations of Westpac the claim on which in a winding-up of Westpac ranks behind all Senior Creditors, including depositors of Westpac and all holders of Westpac's senior or subordinated debt, other than the Equal Ranking Debentures (which rank equally) and lower ranking claims (eg Ordinary Shares) |
| Liquidation Event | as defined in clause 12.2 of Westpac TPS Terms |
| Macquarie | Macquarie Equity Capital Markets Limited (ABN 60 001 374 572) |

| | |
|-----------------------------------|---|
| Margin | for Westpac TPS and Preference Shares: <ul style="list-style-type: none"> ■ from the Issue Date until (and including) the Step-Up Date – the Initial Margin; and ■ after the Step-Up Date – the Initial Margin increased by a one time step-up of 1.00% per annum |
| Maximum Conversion Number | 50, subject to certain adjustments contained in clauses 6.5 to 6.8 of the Westpac TPS Terms |
| Moody's | Moody's Investors Service Pty Limited (ACN 003 399 657) |
| New Zealand Branch | Westpac's New Zealand branch |
| Note Deed | the note deed between Westpac and the Issuer, which includes as schedule 1 the Notes Terms, as summarised in Section 10.4 |
| Note Initial Margin | 0.20% per annum |
| Note Margin | <ul style="list-style-type: none"> ■ from the Issue Date until (and including) the Step-Up Date – the Note Initial Margin; and ■ after the Step-Up Date – the Note Initial Margin increased by a one time step-up of 1.00% per annum |
| Notes | perpetual, step-up, cumulative, subordinated, redeemable, convertible and exchangeable securities issued by Westpac to the Issuer under the Notes Terms |
| Notes Terms | the terms of issue of Notes set out in Schedule 1 of the Note Deed, as summarised in Section 10.4 |
| NZIRD | New Zealand Inland Revenue Department |
| Offer | the offer of Westpac TPS under this PDS at an Issue Price of \$100 each to raise approximately \$700 million with the ability to raise more or less |
| Offer Management Agreement | the offer management agreement entered into between Westpac, the Issuer and the Joint Lead Managers as summarised in Section 10.6 |
| Offer Period | the period from the Opening Date to the Closing Dates ¹ |
| Opening Date | the day the Offer opens, expected to be 19 May 2006 ¹ |
| Optional Distributions | a payment to Westpac TPS Holders, made at the Issuer's discretion (subject to APRA approval), not exceeding the amount of all Distributions due but not paid on a Distribution Payment Date in the preceding 12 months, under clause 2.5 of Westpac TPS Terms |
| Optional Dividend | a payment to Preference Shareholders, made at Westpac's discretion (subject to any required APRA approval), equal to any Dividends due but not paid on a Dividend Payment Date in the preceding 12 months under clause 2.3 of the Preference Share Terms |
| Ord Minnett | Ord Minnett Limited (ABN 86 002 733 048, AFSL No. 237 121) |
| Ordinary Share | a fully paid ordinary share in the capital of Westpac |
| Ordinary Shareholder | a holder of an Ordinary Share |

| | |
|-------------------------------------|---|
| Ordinary Unit | the ordinary unit in the Trust issued to Westpac under the Trust Constitution when the Trust was established |
| Ordinary Unitholder | Westpac |
| Original PDS | the product disclosure statement that was lodged with ASIC on 11 May 2006 in relation to the Offer and which is replaced by this product disclosure statement |
| Participating Broker | any participating organisation of ASX selected by the Joint Lead Managers to participate in the Broker Firm Offer |
| Payment Settlement Deed | means the deed between the Issuer and Westpac, as summarised in Section 10.7 |
| PDS | this replacement product disclosure statement that was lodged with ASIC on 19 May 2006 which replaces the Original PDS |
| Preference Share | a fully paid preference share in the capital of Westpac issued according to the Preference Share Terms upon the occurrence of an Automatic Exchange Event |
| Preference Share Issue Date | the date on which Preference Shares are issued to Westpac TPS Holders upon Exchange under clause 1(c) of the Preference Share Terms |
| Preference Share Issue Price | the Issue Price of Preference Shares, being \$100 per Preference Share |
| Preference Share Terms | the terms of issue of Preference Shares in Appendix C |
| Preference Shareholder | a holder of Preference Shares |
| Realisation Date | <ul style="list-style-type: none"> ■ for Westpac TPS the date that Westpac TPS are Redeemed, Converted or Exchanged under clauses 4.2 and 5.3 of the Westpac TPS Terms; and ■ for Preference Shares the date that Preference Shares are Redeemed or Converted under clauses 3.5, 3.6 or 3.7 of the Preference Share Terms |
| Record Date | 11 Business Days before any Distribution Payment Date or a Dividend Payment Date as defined in clause 12.2 of the Westpac TPS Terms or clause 9.2 of the Preference Share Terms, or in the case of an Optional Distribution or Optional Dividend the date prior to the Optional Distribution or Dividend that is determined by the directors of Westpac, or as required by ASX |
| Redeem | <p>the process through which:</p> <ul style="list-style-type: none"> ■ Westpac TPS are Redeemed (subject to any required APRA approval) and Westpac TPS Holders are paid the Redemption Price in cash under clauses 3 and 4 of the Westpac TPS Terms; and ■ Preference Shares are Redeemed (subject to any required APRA approval) and Preference Shareholders are paid the Preference Share Issue Price under clause 3 of the Preference Share Terms <p>Redemption, Redeemed and Redeemable have the corresponding meaning</p> |
| Redemption Price | \$100 for each Westpac TPS |

| | |
|--|---|
| Register | the official register of Ordinary Shares and Preference Shares (if issued) maintained by Westpac or the official register of Westpac FIRsTS and Westpac TPS (if issued) maintained by the Registry on the issuer's behalf and includes any sub-register established and maintained under CHESS |
| Registry | Link Market Services Limited in Australia (ABN 54 083 214 537) and Link Market Services Limited in New Zealand or any other registry that the Issuer and/or Westpac appoints to maintain the Register |
| Regulatory Event | an event that occurs in the circumstances summarised in Section 2.7.8 and as defined in clause 12.2 of Westpac TPS Terms and clause 9.2 of the Preference Share Terms |
| Risk Weighted Assets | risk weighted assets as defined by APRA |
| Securityholder Application Form | the pink personalised application form made available for Eligible Securityholders upon request |
| Securityholder Offer | the invitation to Eligible Securityholders to apply for Westpac TPS under this PDS |
| Senior Creditors | means all creditors of Westpac (present and future), including depositors of Westpac and all holders of Westpac's senior or subordinated debt, including securities issued pursuant to the Subordinated Indenture: <ul style="list-style-type: none"> (a) whose claims are admitted in the winding-up of Westpac; and (b) whose claims are not made as holders of debt arising under: <ul style="list-style-type: none"> (i) an Equal Ranking Debenture; or (ii) any junior ranking instrument (being any instrument the claim arising under which is, or is expressed to be, subordinated in a winding-up of Westpac to the claims of holders of Notes) |
| Special Resolution | a resolution passed at a separate meeting of Ordinary Shareholders, Westpac TPS Holders or Preference Shareholders by at least 75% of the votes validly cast by Ordinary Shareholders, Westpac TPS Holders or Preference Shareholders (as applicable) in person or by proxy and entitled to vote on the resolution |
| Standard & Poor's | Standard & Poor's (Australia) Pty Limited (ACN 007 324 852) |
| Step-Up Date | 30 June 2016 as defined in clause 12.2 of Westpac TPS Terms and clause 9.2 of Preference Share Terms |
| Stopper | has the meaning given in clauses 2.6 and 2.7 of the Westpac TPS Terms |
| Subordinated Indenture | means the subordinated indenture dated 1 July 1999 between Westpac and the Chase Manhattan Bank (now renamed JPMorgan Chase Bank), as amended and restated by the amended and restated subordinated indenture, dated 15 May 2003 |
| Syndicate Broker | any of the Co-Managers or Participating Brokers |
| Tax Event | an event that occurs in the circumstances summarised in Section 2.7.9 and as defined in clause 12.2 of Westpac TPS Terms and clause 9.2 of the Preference Share Terms |

| | |
|--|---|
| Tax Rate | the Australian corporate tax rate applicable to Westpac's franking account at the relevant Distribution Payment Date or Dividend Payment Date (expressed as a decimal) as defined in clause 2.1 of the Westpac TPS Terms and clause 2.1 of the Preference Share Terms. As at the date of this PDS, 30.0% (expressed as 0.30) |
| Taxation Letter | the taxation letter from Allens Arthur Robinson dated 10 May 2006 in Section 9 |
| Termination Amount | the amount the Issuer is liable to distribute in a winding-up of Westpac in respect of each Westpac TPS (if they have not been Redeemed, Converted or Exchanged) under clause 8.3 of the Westpac TPS Terms |
| Tier 1 Capital | Tier 1 Capital as described by APRA |
| Tier 1 Capital Ratio | Tier 1 Capital divided by Risk Weighted Assets |
| Tier 2 Capital | Tier 2 Capital as described by APRA |
| Total Capital | Total Capital as described by APRA |
| Total Capital Adequacy Ratio | Total Capital divided by Risk Weighted Assets |
| TPS 2003 and 2004 | 750,000 trust preferred securities issued by Westpac Capital Trust III at US\$1,000 each on 13 August 2003 (TPS 2003) and 525,000 trust preferred securities issued by Westpac Capital Trust IV at US\$1,000 each on 5 April 2004 (TPS 2004) |
| TPS 2003 and 2004 Debentures | the securities issued under Westpac's Junior Subordinated Indenture dated 13 August 2003 as supplemented by the Supplemental Indenture No 1 dated 13 August 2003 issued in connection with TPS 2003 and the securities issued under Westpac's Junior Subordinated Indenture dated 13 August 2003 as supplemented by the Supplemental Indenture No 2 dated 5 April 2004 issued in connection with TPS 2004 |
| TPS 2003 and 2004 Preference Shares | the preference shares of Westpac designated as 2003 Series 1 Preference Shares which may be issued in connection with TPS 2003 and the preference shares of Westpac designated as 2004 Series 1 Preference Shares which may be issued in connection with TPS 2004 |
| Transaction Documents | the Note Deed, the Undertaking Deed and the Trust Constitution |
| Trust | Westpac TPS Trust (ARSN 119 504 380) established under the Trust Constitution |
| Trust Constitution | the constitution of the Trust dated 8 August 2005, as amended by certain supplemental deeds, as summarised in Section 10.2 and includes as Schedule 1 the Westpac TPS Terms |
| Trust Event | an event that occurs in the circumstances summarised in Section 2.7.10 and defined in clause 12.2 of Westpac TPS Terms |
| Trust Income | in respect of a Distribution Period, the amount determined by the Issuer under the Trust Constitution to be the income of the Trust under ordinary concepts as defined in clause 12.2 of the Westpac TPS Terms |
| UBS | UBS AG, Australia Branch (ABN 47 088 129 613, AFSL No. 231087) |
| Undertaking Deed | the undertaking deed between the Issuer and Westpac relating to the Trust, as summarised in Section 10.5 |
| Unitholder | a Westpac TPS Holder or the Ordinary Unitholder |

| | |
|---|--|
| 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 | the average of the daily volume weighted average sale prices of Ordinary Shares sold on ASX during the relevant period as defined in relation to Conversion in clause 12.2 of the Westpac TPS Terms and clause 9.2 of the Preference Share Terms |
| Westpac | Westpac Banking Corporation (ABN 33 007 457 141, AFSL No. 233714) |
| Westpac Constitution | the constitution of Westpac |
| Westpac Directors | some or all of the directors of Westpac acting as a board |
| Westpac FIRsTS | the 6,671,140 Westpac Fixed Interest Resetable Trust Securities issued by Westpac Funds Management Limited as responsible entity for the Westpac First Trust (ARSN 102 664 700) under a product disclosure statement dated 13 November 2002 |
| Westpac Funds Management Limited | Westpac Funds Management Limited (ABN 28 085 352 405, AFSL No. 233718) |
| Westpac Group | Westpac and its controlled entities |
| Westpac TPS | preferred units in a registered managed investment scheme, being the Trust. Issued by the Issuer under this PDS and the Trust Constitution |
| Westpac TPS Holder | a holder of Westpac TPS |
| Westpac TPS Terms | the full terms of issue of Westpac TPS set out in Appendix B |

Note:

1. The Issuer, Westpac and the Joint Lead Managers may agree to extend the Closing Dates, to close the Offer early without notice, or to withdraw the Offer at any time before Westpac TPS are issued. Also, ASIC may extend the Exposure Period by up to seven days in which case the Opening Date will be varied accordingly, without notice.

Westpac TPS Terms



- 1 Form, Issue Price and ranking
- 2 Distributions
- 3 Redemption, Conversion and Exchange general provisions
- 4 Issuer Redemption or Conversion
- 5 Automatic Exchange
- 6 Conversion actions
- 7 Exchange actions
- 8 Payments to Westpac TPS Holders
- 9 Amendment of these Westpac TPS Terms
- 10 Quotation on ASX and Foreign Westpac TPS Holders
- 11 General provisions
- 12 Interpretation and definitions

Westpac TPS Terms

1 Form, Issue Price and ranking

1.1 Form

Westpac Trust Preferred Securities (**Westpac TPS**) are preferred units in a registered managed investment scheme, being the Trust, that are Redeemable for cash or Convertible into Ordinary Shares by the Issuer, and automatically Exchange into Preference Shares, under these Westpac TPS Terms. Westpac TPS do not represent deposits or securities of Westpac.

Westpac TPS are issued under the Constitution of which these Westpac TPS Terms form part.

1.2 Issue Price

Each Westpac TPS will be issued at an Issue Price of \$100. Each Westpac TPS must be paid for in full on application.

1.3 Ranking

Subject to the Constitution, each Westpac TPS ranks equally with all other Westpac TPS in all respects and ranks in priority to the Ordinary Unit.

2 Distributions

2.1 Distributions

Subject to these Westpac TPS Terms, each Westpac TPS entitles the Westpac TPS Holder on a Record Date to receive on the relevant Distribution Payment Date a distribution of the Trust Income in respect of that Distribution Period (**Distribution**) calculated using the following formula:

$$\text{Distribution} = \frac{\text{Distribution Rate} \times \text{Issue Price} \times \text{N}}{365}$$

where:

Distribution Rate (expressed as a percentage per annum) is calculated using the following formula:

$$\text{Distribution Rate} = (\text{Bank Bill Rate} + \text{Margin}) \times (1 - \text{Tax Rate})$$

where:

Bank Bill Rate (expressed as a percentage per annum) means, for a Distribution Period, the average mid-rate for bills of a term of 90 days which average rate is displayed on Reuters page BBSW (or any page which replaces that page) on:

- (a) in the case of the first Distribution Period, the Issue Date; and
- (b) in the case of any other Distribution Period, the first Business Day of that Distribution Period,

or if there is a manifest error in the calculation of that average rate or that average rate is not displayed by 10.30am on that date, the rate specified in good faith by the Issuer at or around that time on that date having regard, to the extent possible, to:

- (c) the rates otherwise bid and offered for bills of a term of 90 days 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
- (d) if bid and offer rates for bills of a term of 90 days are not otherwise available, the rates otherwise bid and offered for funds of that tenor at or around that time on that date;

Margin (expressed as a percentage per annum) means in respect of the period:

- (a) up to (and including) the Step-Up Date, 1.00% (**Initial Margin**); and
- (b) from (but not including) the Step-Up Date, the Initial Margin plus 1.00% per annum.

Tax Rate (expressed as a decimal) means the Australian corporate tax rate applicable to the franking account of Westpac at the relevant Distribution Payment Date; and

N means in respect of:

- (a) the first Distribution Payment Date, the number of days from (and including) the Issue Date until (and including) the first Distribution Payment Date; and
- (b) each subsequent Distribution Payment Date, the number of days from (but not including) the preceding scheduled Distribution Payment Date until (and including) the next Distribution Payment Date.

2.2 Franking adjustments

If any Distribution would not carry franking credit benefits to 100% under Part 3-6 of the Tax Act (or any provisions that revise or replace that Part), otherwise than because of any act by, or circumstance affecting, any particular Westpac TPS Holder, the Distribution to be made in respect of the Distribution Period will be calculated using the following formula:

$$\text{Distribution} = \frac{\text{D}}{1 - [\text{Tax Rate} \times (1 - \text{Franking Rate})]}$$

where:

D means the Distribution calculated under clause 2.1; and

Franking Rate (expressed as a decimal) means that percentage of the Distribution that would carry franking credit benefits.

2.3 Conditions to Distributions

The payment of a Distribution is subject to:

- (a) the Trust having received sufficient Trust Income in respect of the relevant Distribution Period;
- (b) the Westpac Directors in their discretion having resolved that the Distribution is to be paid, and Westpac having notified the Issuer of that resolution;
- (c) unless APRA gives its prior approval, the amount of the Distribution not exceeding Distributable Profits; and
- (d) APRA not otherwise objecting to the payment of the Distribution.

2.4 Distributions are non-cumulative

Distributions are non-cumulative. If all or any part of a Distribution is not paid on a Distribution Payment Date because of clause 2.3, the Issuer has no liability to pay the unpaid amount of the Distribution and, notwithstanding the Issuer's ability to pay an Optional Distribution under clause 2.5, the Westpac TPS Holder has no claim in respect of such non-payment.

2.5 Optional Distributions

If all or any part of a Distribution is not paid on a Distribution Payment Date because of clause 2.3, and:

- (a) the Westpac Directors have resolved that all or part of the Distribution (**Optional Distribution**) is to be paid on a date notified to Westpac TPS Holders and Westpac has notified the Issuer of that resolution;

- (b) the Optional Distribution to be paid does not exceed the amount contemplated by clause 2.6(d);
- (c) the Trust has received sufficient Trust Income in respect of the relevant Distribution Period by the date for payment of the Optional Distribution to pay the Optional Distribution (and any other Distribution scheduled for payment by that date); and
- (d) APRA has given its prior approval to the payment of the Optional Distribution,

then the Issuer must pay the Optional Distribution on the date notified to the Westpac TPS Holders.

Notwithstanding the Issuer's ability to pay an Optional Distribution under this clause 2.5, a Westpac TPS Holder has no claim in respect of an Optional Distribution. An Optional Distribution is only payable to those persons registered as Westpac TPS Holders on the Record Date in respect of the Optional Distribution.

2.6 Restrictions in the case of non-payment

If for any reason a Distribution has not been paid in full within 20 Business Days after the relevant Distribution Payment Date, Westpac must not without approval of a Special Resolution:

- (a) pay any interest, declare or pay any dividends or make any income distributions on any Capital Securities ranking equally with or junior to Notes in respect of those payments; or
 - (b) redeem, reduce, cancel or acquire for any consideration, any Capital Securities (other than Capital Securities ranking equally with or in priority to Notes for a return of capital in a winding-up of Westpac),
- unless:
- (c) four consecutive Distributions scheduled to be paid on Westpac TPS after the Distribution Payment Date for the Distribution that has not been paid have been paid in full;
 - (d) an Optional Distribution has been paid (with APRA's prior approval) to all Westpac TPS Holders equal to the aggregate amount of any unpaid Distributions which were scheduled to be paid in the 12 months before the date of payment of the Optional Distribution;
 - (e) all Westpac TPS have been Redeemed, Converted or Exchanged; or
 - (f) a Special Resolution of the Westpac TPS Holders has been passed approving such action.

2.7 Restrictions not to apply in certain circumstances

The restrictions in clause 2.6 do not apply to:

- (a) pro rata payments on Notes and Capital Securities ranking equally with Notes in respect of those payments;
- (b) repurchases, redemptions or other acquisitions of shares of Westpac in connection with:
 - (i) any employment contract, benefit plan or other similar arrangement with or for the benefit of any one or more employees, officers, directors or consultants of Westpac or any member of the Westpac Group;
 - (ii) a dividend plan or shareholder share purchase plan; or

- (iii) the issuance of shares of Westpac, or securities convertible into or exercisable for such shares, as consideration in an acquisition transaction entered into prior to the occurrence of the failure to pay a Distribution on the relevant Distribution Payment Date;

- (c) an exchange, redemption or conversion of any class or series of Westpac's shares, or any shares of a member of the Westpac Group, for any class or series of Westpac's shares, or of any class or series of Westpac's indebtedness for any class or series of Westpac's shares;
- (d) the purchase of fractional interests in shares of Westpac under the conversion or exchange provisions of the shares or the security being converted or exchanged;
- (e) any payment or declaration of a dividend in connection with any shareholders' rights plan, or the issuance of rights, shares or other property under any shareholders' rights plan, or the redemption or repurchase of rights pursuant to the plan;
- (f) any dividend in the form of shares, warrants, options or other rights where the dividend shares or the shares issuable upon exercise of such warrants, options or other rights are the same class or series of shares as those on which the dividend is being paid or rank equally with or junior to those shares;
- (g) any capital raising through a rights issue; and
- (h) Westpac or any of its controlled entities purchasing shares in Westpac in connection with transactions for the account of customers of Westpac or any of its controlled entities or in connection with the distribution or trading of shares in Westpac in the ordinary course of business.

2.8 Distribution Payment Dates

Subject to this clause 2 and clause 8, Distributions (other than Optional Distributions) are to be paid in arrears on the following scheduled dates (each a **Distribution Payment Date**):

- (a) each 31 March, 30 June, 30 September and 31 December commencing on 30 September 2006 until the last Realisation Date; and
- (b) each Realisation Date.

If there is an Optional Distribution, then the date of payment of the Optional Distribution also becomes a Distribution Payment Date.

2.9 Westpac TPS are preferred

Westpac TPS Holders are entitled (subject to clause 2.3) to receive Distributions in priority to the Ordinary Unitholder.

Each Westpac TPS Holder acknowledges that distributions may be made to the Ordinary Unitholder of Trust Income in respect of a Distribution Period:

- (a) which exceeds the total amount of Trust Income which Westpac TPS Holders are entitled to be paid (if anything) in respect of the Distribution Period under this clause 2; or
- (b) which is not distributed to Westpac TPS Holders because of clause 2.3.

3 Redemption, Conversion and Exchange general provisions

3.1 Meanings

- (a) **Redemption** in respect of a Westpac TPS, means the Westpac TPS is redeemed by the Issuer for the Redemption Price and the Redemption Price is paid in cash to the Westpac TPS Holder. The Redemption Price is paid out of the redemption proceeds from the Note which is being redeemed simultaneously.
- (b) **Conversion** in respect of a Westpac TPS, means the Westpac TPS is redeemed by the Issuer for the Redemption Price out of the redemption proceeds from the Note which is being redeemed simultaneously, the Redemption Price is applied in payment of the Ordinary Share Issue Price and Ordinary Shares in a number calculated under clause 6 are issued to the Westpac TPS Holder by Westpac. This process satisfies the redemption of both the Westpac TPS and the Note which is being redeemed simultaneously.
- (c) **Exchange** in respect of a Westpac TPS means, the Westpac TPS is redeemed by the Issuer for the Redemption Price out of the redemption proceeds from the Note which is being redeemed simultaneously, the Redemption Price is applied in payment of the Preference Share Issue Price and the Preference Share is issued to the Westpac TPS Holder by Westpac. This process satisfies the redemption of both the Westpac TPS and the Note which is being redeemed simultaneously.

3.2 Redemption or Conversion by Issuer

The Issuer may Redeem or Convert some or all Westpac TPS under clause 4.

3.3 Automatic Exchange

The Issuer must Exchange all Westpac TPS under clause 5.

3.4 Notices irrevocable

An Issuer Notice or an Automatic Exchange Notice is irrevocable and, once given, constitutes a promise by the Issuer and Westpac (in the case of Conversion or Exchange) to Convert or Exchange, and by the Issuer to Redeem (in the case of Redemption), the Westpac TPS as stated in that notice.

3.5 Redemption and Redemption Price

The Redemption Price is equal to the Issue Price. If Westpac TPS are to be Redeemed, on the Realisation Date the Issuer must pay to the Westpac TPS Holder the Redemption Price in respect of each Westpac TPS which is Redeemed.

3.6 Effect of Redemption, Conversion or Exchange

Upon Redemption, Conversion or Exchange, and payment of any Distribution due in respect of a Westpac TPS on the Realisation Date, all other rights conferred, or restrictions imposed, by that Westpac TPS will no longer have effect.

3.7 Westpac TPS Holder acknowledgements

Each Westpac TPS Holder irrevocably:

- (a) agrees that upon a Conversion or an Exchange the Redemption Price is to be applied in payment of the Ordinary Share Issue Price or Preference Share Issue Price (as the case may be);
- (b) upon a Conversion or an Exchange, consents to becoming a member of Westpac and agrees to be bound by the constitution of Westpac and, in the case of an Exchange, the Preference Share Terms;

- (c) agrees it is obliged to accept the Ordinary Shares or Preference Shares upon a Conversion or an Exchange, notwithstanding anything which might otherwise affect Conversion or Exchange, including:
- (i) any change in the financial position of Westpac since the Issue Date;
- (ii) any disruption to the market or potential market for the Ordinary Shares or Preference Shares or to capital markets generally;
- (iii) any breach by any member of the Westpac Group of any Transaction Document; and
- (iv) because the quotation of Ordinary Shares or Preference Shares on ASX becomes impossible or unlikely;
- (d) agrees to provide to Westpac and the Issuer any information the Issuer considers necessary or desirable to give effect to Redemption, Conversion or Exchange;
- (e) appoints the Issuer as its agent and attorney with power in the name and on behalf of the Westpac TPS Holder to do all things necessary to give effect to Redemption, Conversion or Exchange, including:
- (i) completing and executing such instruments for and on the Westpac TPS Holder's behalf as the Issuer considers necessary or desirable to give effect to Redemption, Conversion or Exchange; and
- (ii) appointing in turn its own agent or delegate (which may include Westpac); and
- (f) acknowledges that a Westpac TPS Holder has no right to request Redemption, Conversion or Exchange.

3.8 Failure to Redeem, Convert or Exchange

Subject to clause 8.3, if on a Realisation Date, the Redemption Price is not paid or Ordinary Shares or a Preference Share are not issued (as the case may be) on Redemption, Conversion or Exchange (including because an Event of Default has occurred), the relevant Westpac TPS remains on issue until the Westpac TPS Holder receives the Ordinary Shares or the Preference Share or the Redemption Price in cash. This clause 3.8 does not affect the obligation of Westpac to issue the Ordinary Shares or the Preference Share or pay the Redemption Price.

3.9 Partial Redemption or Conversion

If some but not all Westpac TPS are Redeemed or Converted the Issuer must, in each case, endeavour to treat all Westpac TPS Holders on an approximately proportionate basis but may discriminate to take account of the effect on marketable parcels and other logistical considerations.

4 Issuer Redemption or Conversion

4.1 Redemption or Conversion by Issuer

The Issuer may according to clause 4.3 elect to Redeem (subject to APRA's prior approval if required) or Convert as follows:

- (a) all or some Westpac TPS on the Step-Up Date;
- (b) all or some Westpac TPS on any Distribution Payment Date after the Step-Up Date;
- (c) all or some Westpac TPS at any time, if an Acquisition Event, a Regulatory Event or a Tax Event has occurred;
- (d) all (but not some only) Westpac TPS at any time, if a Trust Event has occurred; or

- (e) all (but not some only) Westpac TPS at any time, if the aggregate Issue Price of Westpac TPS on issue is less than \$50 million.

4.2 Issuer Notice

To elect to Redeem or Convert, the Issuer must give an Issuer Notice. The Issuer Notice must:

- (a) in the case of a Redemption or Conversion under clause 4.1(a) or (b), be given no less than 21 Business Days (but no more than three months) before the Step-Up Date or relevant Distribution Payment Date, and state the Step-Up Date or relevant Distribution Payment Date as the Realisation Date;
- (b) in any other case, state as the Realisation Date:
 - (i) the Distribution Payment Date immediately following the date of the Issuer Notice; or
 - (ii) an earlier date determined by Westpac, unless, in the case of Conversion, the date of the Issuer Notice would be within 20 Business Days of the Distribution Payment Date, in which case the Realisation Date will be 21 Business Days after the date of the Issuer Notice;
- (c) if less than all Westpac TPS are being Redeemed or Converted, state the proportion of Westpac TPS to be Redeemed or Converted for each Westpac TPS Holder; and
- (d) state whether the Issuer will Redeem or Convert or use any combination of Redemption or Conversion in respect of the Westpac TPS the subject of the Issuer Notice.

4.3 Notice from Westpac

If the Westpac Directors resolve to require the Issuer:

- (a) to give an Issuer Notice following the occurrence of one or more of the events specified in clause 4.1; and
- (b) to state in the Issuer Notice whether the Issuer will Redeem or Convert or use any combination of Redemption or Conversion,

and Westpac notifies the Issuer of that resolution, and has given a notice in corresponding terms to the Issuer under the Notes Terms, then the Issuer must give the Issuer Notice accordingly. The Issuer will not otherwise give the Issuer Notice.

5 Automatic Exchange

5.1 When automatic Exchange applies

The Issuer must Exchange all (but not some) Westpac TPS if an Automatic Exchange Event occurs.

5.2 Automatic Exchange Event

An Automatic Exchange Event means the occurrence of any of the following events:

- (a) an Event of Default;
- (b) an APRA Event, unless APRA determines otherwise; or
- (c) any Westpac TPS being on issue on 30 September 2015.

5.3 Automatic Exchange Notice

If an Automatic Exchange Event occurs, the Issuer must give an Automatic Exchange Notice. The Automatic Exchange Notice must state:

- (a) the particular Automatic Exchange Event;

- (b) the date of that Automatic Exchange Event;

- (c) as the Realisation Date:

- (i) for an event under paragraph (a) or (b) of the definition of Event of Default, the date on which the event occurs or if that day is not a Business Day, the next succeeding Business Day; or
- (ii) for any other Automatic Exchange Event, the day that is 10 Business Days after the date of the Automatic Exchange Event or an earlier date if required by APRA;

- (d) the Preference Share Margin, which will be the Margin at the date of the Automatic Exchange Notice,

and be given as soon as practicable after the Issuer becomes aware of the Automatic Exchange Event.

5.4 Deemed notice

If the Issuer fails to give an Automatic Exchange Notice under clause 5.3, the Issuer will be deemed to have given an Automatic Exchange Notice specifying as the Realisation Date the date under clause 5.3(c) and specifying the Preference Share Margin under clause 5.3(d).

6 Conversion actions

6.1 Conversion actions

On the Realisation Date in respect of any Westpac TPS that are to be Converted:

- (a) the Issuer must give a Realisation Date Notice which must state:

- (i) the Ordinary Share Issue Price being, for each Ordinary Share, the amount which is calculated using the formula:

$$\text{Ordinary Share Issue Price} = \text{VWAP} \times (1 - \text{Conversion Discount})$$

where:

VWAP (expressed as a dollar value) means the VWAP during the period of 20 Business Days on which trading in Ordinary Shares took place immediately preceding the relevant Realisation Date (**VWAP Period**); and

Conversion Discount (expressed as a decimal) means the conversion discount being 0.025, except in the case of a Conversion under clause 4.1(d) where the conversion discount is zero; and

- (ii) the number of Ordinary Shares to be issued for each Westpac TPS on the Realisation Date under clause 6.2; and

- (b) the relevant Westpac TPS are to be Converted.

6.2 Conversion Number

Subject to this clause 6 upon Conversion the number of Ordinary Shares to be issued for each Westpac TPS being Converted (**Conversion Number**) is the lesser of the number of Ordinary Shares equal to the Maximum Conversion Number and the number of Ordinary Shares calculated using the following formula:

$$\text{Conversion Number} = \frac{\text{Issue Price}}{\text{Ordinary Share Issue Price}}$$

6.3 Number of Ordinary Shares

If the total number of Ordinary Shares to be issued to a Westpac TPS Holder on a Realisation Date in respect of their aggregate holding of Westpac TPS being Converted includes a fraction of an Ordinary Share, that fraction will be disregarded.

6.4 Adjustments to VWAP

For the purposes of calculating VWAP under clause 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 the issue of Ordinary Shares will occur after that date and those Ordinary Shares no longer carry that dividend or 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 shall 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 other distribution is franked, the amount that would be included in the assessable income of a recipient of the dividend or other distribution who is both a resident of Australia and a natural person under the Tax Act;
 - (ii) (in the case of any other entitlement which is traded on ASX on any of those Business Days), the volume weighted average sale price of all such entitlements sold on ASX during the VWAP Period on the Business Days on which those entitlements were traded; or
 - (iii) (in the case of an entitlement not traded on ASX during the VWAP Period), the value of the entitlement as reasonably determined by the Westpac Directors;
- (b) where, on some or all of the Business Days in the VWAP Period, Ordinary Shares have been quoted on ASX as ex dividend or ex any other distribution or entitlement, and Ordinary Shares which are to be issued would be entitled to receive the relevant dividend or other 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 shall be increased by the Cum Value; and
- (c) where the Ordinary Shares are reconstructed, consolidated, divided or reclassified into a lesser or greater number of securities during the VWAP Period, the VWAP shall be adjusted by the Westpac Directors as they consider appropriate and notify to the Issuer and these Westpac TPS Terms will be construed accordingly.

Any such adjustment will be promptly notified to Westpac TPS Holders by ASX announcement.

6.5 Adjustment to Maximum Conversion Number for bonus and rights issues

- (a) Subject to clauses 6.5(b) and (c) below, if Westpac makes a pro rata bonus issue or a rights issue or other essentially pro rata issue (including an issue of the kind known as a "jumbo" issue, where offers to certain institutional holders (or beneficial holders) are made in advance of offers to other holders) of Ordinary Shares to holders of Ordinary Shares generally, the Maximum

Conversion Number will be adjusted immediately in accordance with the following formula:

$$CN = CNo \times P \times \frac{(RD + RN)}{(RD \times P) + (RN \times A)}$$

where:

- CN means the Maximum Conversion Number applying immediately after the application of this formula;
- CNo means the Maximum Conversion Number applying immediately prior to the application of this formula;
- P means the VWAP during the period from (and including) the first Business Day after the announcement of the bonus, rights or other relevant issue to ASX up to (and including) the last Business Day of trading cum rights, bonus or other relevant issue (or if there is no period of trading cum rights, bonus or other relevant issue, an amount reasonably determined by the Westpac Directors as representing the value of an Ordinary Share cum the rights, bonus or other relevant issue);
- A means the subscription or unit price per Ordinary Share for a rights or other pro rata issue and is zero in the case of a bonus issue;
- RN means the number of Ordinary Shares issued pursuant to the rights, bonus or other relevant issue; and
- RD means the number of Ordinary Shares on issue immediately prior to the allotment of new Ordinary Shares pursuant to the rights, bonus or other relevant issue.
- (b) No adjustment to the Maximum Conversion Number will occur if A exceeds P.
- (c) Clause 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.
- (d) For the purpose of clause 6.5, an issue will be regarded as a pro rata issue notwithstanding that Westpac does not make offers to some or all holders of Ordinary Shares with registered addresses outside Australia and New Zealand, provided that in so doing Westpac is not in contravention of the ASX Listing Rules.

6.6 Adjustment to Maximum Conversion Number for off-market buyback

- (a) Subject to clause 6.6(b), if Westpac undertakes an off-market buyback under a scheme which but for restrictions on transfer would be generally available to holders of Ordinary Shares, the Maximum Conversion Number will be adjusted immediately in accordance with the following formula:

$$CN = CNo \times P \times \frac{(BD - BN)}{(BD \times P) - (BN \times A)}$$

where:

- CN means the Maximum Conversion Number applying immediately after the application of this formula;
- CNo means the Maximum Conversion Number applying immediately prior to the application of this formula;

- P means the VWAP during the 20 Business Days prior to the announcement to ASX of the buyback;
- A means the buyback price per Ordinary Share;
- BN means the number of Ordinary Shares bought back; and
- BD means the number of Ordinary Shares on issue immediately prior to the buyback.

- (b) No adjustment to the Maximum Conversion Number will occur if P exceeds A.
- (c) For the purpose of clause 6.6, a scheme will be considered to be generally available to holders of Ordinary Shares notwithstanding that Westpac has determined that shareholders with registered addresses outside Australia and New Zealand are not entitled to participate in the scheme, provided that in so doing Westpac is not in contravention of the ASX Listing Rules or the Corporations Act.

6.7 Adjustment to Maximum Conversion Number for return of capital

If Westpac makes a pro rata return of capital to holders of Ordinary Shares, the Maximum Conversion Number will be adjusted immediately in accordance with the following formula:

$$CN = CN_0 \times \frac{P}{(P - C)}$$

where

- CN means the Maximum Conversion Number applying immediately after the application of this formula;
- CN₀ means the Maximum Conversion Number applying immediately prior to the application of this formula;
- P means the VWAP during the period from (and including) the first Business Day after the announcement of the return of capital to ASX up to and including the last Business Day of trading cum the return of capital (or if there is no period of trading cum return of capital, an amount reasonably determined by the Westpac Directors as representing the value of Bank Ordinary Shares cum the return of capital); and
- C means with respect to a return of capital, the amount of the cash and/or the value (as reasonably determined by the Westpac Directors) of any other property distributed to holders of Ordinary Shares per Ordinary Share (or such lesser amount such that the difference between P and C is greater than zero).

6.8 Adjustment to Maximum Conversion Number for Capital Reconstruction

If at any time the Ordinary Shares are reconstructed, consolidated, divided or reclassified into a lesser or greater number of securities, the Issuer must if the Westpac Directors consider it appropriate and notify the Issuer accordingly, reconstruct the Maximum Conversion Number as the Westpac Directors consider appropriate. Each Westpac TPS Holder acknowledges that Westpac may reconstruct, consolidate, divide or reclassify into a lesser or greater number of securities the Ordinary Shares at any time in its absolute discretion, without any such action constituting a variation of rights of Westpac TPS Holders or otherwise requiring any consent or concurrence.

6.9 Ranking of Ordinary Shares

Each Ordinary Share issued on Conversion ranks equally with all other Ordinary Shares.

7 Exchange actions

On the Realisation Date in respect of any Westpac TPS the subject of an Automatic Exchange Notice:

- (a) Westpac must complete a set of Preference Share Terms by including the Preference Share issue date, the Preference Share Margin, and the Bank Bill Rate for the first dividend period for the Preference Shares; and
- (b) the relevant Westpac TPS are to be Exchanged.

8 Payments to Westpac TPS Holders

8.1 Calculation of payments

All calculations of payments will be rounded to four decimal places. For the purposes of making any payment in respect of a Westpac TPS Holder's aggregate holding of Westpac TPS, any fraction of a cent will be disregarded.

8.2 Deductions

The Issuer may deduct from any payment payable to a Westpac TPS Holder the amount of any withholding or other tax, duty or levy required by law to be deducted in respect of such payment.

If any deduction is required the Issuer must pay the full amount required to be deducted to the relevant revenue authority within the time allowed for such payment without incurring penalty under the applicable law and will, if required by the Westpac TPS Holder, deliver to the Westpac TPS Holder the relevant receipt issued by the revenue authority without delay after it is received by the Issuer.

8.3 Liquidation limitations

If an order is made or an effective resolution is passed for the winding-up of Westpac and Westpac TPS have not been Redeemed, Converted or Exchanged:

- (a) the Westpac TPS Holders will automatically cease to be entitled to receive any further Distributions;
- (b) each Westpac TPS Holder will be entitled to receive out of any actual cash available to the Issuer for distribution from the Trust, the Liquidation Amount for each Westpac TPS;
- (c) if the Issuer is entitled to, and does, receive payments of interest, principal or other amounts in respect of the assets of the Trust, then:
- (i) to the extent that those payments are received *pari passu* with payments on the Equal Ranking Instruments, the Issuer must pay those monies up to the Liquidation Amount for each Westpac TPS to the Westpac TPS Holders; and
 - (ii) to the extent that those payments are received in priority to an Equal Ranking Instrument, the Issuer must pay to the Ordinary Unitholder by way of distribution on the Ordinary Unit such amount as will result in Westpac TPS Holders and the Equal Ranking Instruments receiving their respective distributions *pari passu*,

and pending determination and making of those payments, the Issuer must invest such monies in an interest bearing account maintained with an Australian ADI (as defined in the Corporations Act); and

- (d) the liability of the Issuer in respect of each Westpac TPS is limited to an amount (**Termination Amount**) equal to the lesser of:
 - (i) the Liquidation Amount; and
 - (ii) the aggregate amount of actual cash available to the Issuer for distribution from the Trust, divided by the number of Westpac TPS then on issue; and
- (e) the Issuer has no liability to pay any unpaid amount of the Liquidation Amount and the Westpac TPS Holder has no claim in respect of such non-payment.

8.4 No set off

The Westpac TPS Holder has no right to set off any amounts owing by it to the Issuer or Westpac against any claims owing by the Issuer or Westpac.

8.5 Manner of payment to Westpac TPS Holders

Monies payable by the Issuer to a Westpac TPS Holder may be paid in any manner the Issuer decides, including:

- (a) by any method of direct credit determined by the Issuer, to the Westpac TPS Holder or Westpac TPS Holders shown on the Register or to such person or place directed by them;
- (b) by cheque sent through the post directed to the physical or postal address of the Westpac TPS Holder as shown in the Register or, in the case of joint Westpac TPS Holders, to the physical or postal address notified to the Registrar for receipt of such monies (and in default of notification, to the physical or postal address shown in the Register as the address of the joint Westpac TPS Holder first named in that Register); or
- (c) by cheque sent through the post directed to such other physical or postal address as the Westpac TPS Holder or joint Westpac TPS Holders in writing direct.

8.6 Unpresented cheques

Cheques issued by the Issuer that are not presented within six months of being issued or such lesser period as determined by the Issuer may be cancelled. Where a cheque which is cancelled was drawn in favour of a Westpac TPS Holder, the monies are to be held by the Issuer for the Westpac TPS Holder as a non-interest bearing deposit or paid by the Issuer under the legislation relating to unclaimed monies.

8.7 Unsuccessful transfers

Subject to applicable law and the ASX Listing Rules, where the Issuer:

- (a) decides that an amount is to be paid to a Westpac TPS Holder by a method of direct credit and the Westpac TPS Holder has not given a direction as to where amounts are to be paid by that method;
- (b) attempts to pay an amount to a Westpac TPS Holder by direct credit, electronic transfer of funds or any other means and the transfer is unsuccessful; or
- (c) has made reasonable efforts to locate a Westpac TPS Holder but is unable to do so,

the amount is to be held by the Issuer for the Westpac TPS Holder as a non-interest bearing deposit or paid by the Issuer under the legislation relating to unclaimed monies.

8.8 Payment to joint Westpac TPS Holders

A payment to any one of joint Westpac TPS Holders will discharge the Issuer's liability in respect of the payment.

8.9 Date of payment

If the date scheduled for any payment under these Westpac TPS Terms is not a Business Day, then the payment will be made on the next Business Day (and without any interest or other payment in respect of such delay).

9 Amendment of these Westpac TPS Terms

9.1 Amendment without consent

Subject to clause 9.3 and to complying with the Corporations Act and all other applicable laws, and with APRA's prior approval (if required), the Issuer may without the authority, assent or approval of Westpac TPS Holders amend or add to these Westpac TPS Terms if the Issuer reasonably considers that the amendment or addition:

- (a) is of a formal, minor or technical nature;
- (b) is made to cure any ambiguity or correct any manifest error;
- (c) is expedient for the purpose of enabling Westpac TPS to be listed for quotation or to retain listing on any stock exchange or to be offered for, or subscription for, sale under the laws for the time being in force in any place;
- (d) is necessary to comply with the provisions of any statute or the requirements of any statutory authority; or
- (e) in any other case, will not adversely affect the Westpac TPS Holders' rights.

If the Issuer reasonably considers the amendment or addition will adversely affect Westpac TPS Holders' rights, the amendment or addition may only be made if it has been approved by a Special Resolution.

9.2 Amendment with consent

Without limiting clause 9.1 but subject to clause 9.3, the Issuer may amend or add to these Westpac TPS Terms if the amendment or addition has been approved by a Special Resolution.

9.3 Ordinary Unitholder's consent

Each Westpac TPS Holder agrees not to exercise their right under the Constitution or under the Corporations Act to amend or vary any right attaching to Westpac TPS or the Ordinary Unit, or any provision of the Constitution, in a manner which the Ordinary Unitholder reasonably considers and notifies the Issuer may adversely affect its interests or those of Westpac without the consent of the Ordinary Unitholder.

10 Quotation on ASX and Foreign Westpac TPS Holders

10.1 Quotation on ASX

The Issuer must use all reasonable endeavours and furnish all such documents, information and undertakings as may be reasonably necessary in order to procure quotation of Westpac TPS on ASX.

10.2 Foreign Westpac TPS Holders

Where Westpac TPS held by a Foreign Westpac TPS Holder are to be Converted or Exchanged, then, if Westpac determines and notifies the Issuer that it would be unreasonable to issue Ordinary Shares or Preference Shares to that Foreign Westpac TPS Holder, having regard to each of the following:

- (a) the number of Foreign Westpac TPS Holders in this relevant country;
- (b) the number and value of the Ordinary Shares or Preference Shares that would be issued to the Foreign Westpac TPS Holders in the relevant country; and
- (c) the cost of complying with the laws, or the requirements of any regulatory authority, in the relevant country,

the Ordinary Shares or Preference Shares which the Foreign Westpac TPS Holder is obliged to accept will be issued to a nominee who will sell those Ordinary Shares or Preference Shares and pay a cash amount equal to the net proceeds received, after deducting any applicable brokerage, stamp duty and other taxes and charges, to the Issuer to hold on trust for that Foreign Westpac TPS Holder and distribute to that Foreign Westpac TPS Holder accordingly.

If any Ordinary Shares or Preference Shares which would otherwise have been issued to a Foreign Westpac TPS Holder are sold together with Ordinary Shares or Preference Shares which would otherwise have been issued to other Foreign Westpac TPS Holders, the Issuer may average the aggregate sale proceeds in calculating what is payable to that Foreign Westpac TPS Holder.

11 General provisions

11.1 Enforcement of Transaction Documents

The Issuer will exercise its rights, powers and remedies under the Transaction Documents to enforce compliance by Westpac with its obligations under clause 2.6 and clauses 3 to 7 inclusive.

11.2 Warranty by Westpac TPS Holder

Each Westpac TPS Holder is deemed, where Westpac TPS are Redeemed, Converted or Exchanged, to warrant and represent to the Issuer that the Westpac TPS Holder owns the Westpac TPS, that they are free and unencumbered and that the Westpac TPS Holder has not sold or otherwise disposed of the Westpac TPS.

11.3 Issues of Westpac securities

Except as set out in these Westpac TPS Terms, the Westpac TPS carry no right to participate in any offering of securities by Westpac.

11.4 Voting rights

Westpac TPS only carry the voting rights provided for by the Corporations Act and the Listing Rules in relation to the Trust and carry no other voting rights.

Westpac TPS Holders will have no voting rights in respect of Westpac.

11.5 Provision of information

Subject to the Corporations Act and Listing Rules, each Westpac TPS Holder (if requested by the Westpac TPS Holder) is entitled to be provided with copies of:

- (a) all notices of general meeting of Westpac; and
- (b) all other documents (including annual reports and financial statements) sent by Westpac to holders of Ordinary Shares, at the same time as, or as soon as reasonably practicable after, the holders of Ordinary Shares are sent copies.

12 Interpretation and definitions

12.1 Interpretation

- (a) Unless otherwise specified, a reference to a clause or paragraph is a reference to a clause or paragraph of these Westpac TPS Terms.
- (b) If a calculation is required under these Westpac TPS Terms, unless the contrary intention is expressed, the calculation will be rounded to four decimal places.
- (c) Headings and boldings are for convenience only and do not affect the interpretation of these Westpac TPS Terms.
- (d) The singular includes the plural and vice versa.
- (e) A reference to a statute, ordinance, code or other law includes regulations and other instruments under it and consolidations, amendments, re-enactments or replacements of any of them.
- (f) If an event under these Westpac TPS Terms must occur on a stipulated day which is not a Business Day, then the event will be done on the next Business Day.
- (g) A reference to \$ or cents is a reference to the lawful currency of Australia.
- (h) Calculations, elections and determinations made by the Issuer, Westpac or the Westpac Directors under these Westpac TPS Terms are binding on Westpac TPS Holders in the absence of manifest error.
- (i) The terms "takeover bid", "relevant interest", and "scheme of arrangement", when used in these Westpac TPS Terms have the meaning given in the Corporations Act.
- (j) A reference to a party to an agreement includes a reference to a replacement or substitute of the party under that agreement.
- (k) A reference to an agreement or deed includes a reference to that agreement or deed as amended or restated from time to time.
- (l) Any provisions which refer to the requirements of APRA or any other prudential regulatory requirements will apply to Westpac only if Westpac is an entity, or the holding company of an entity, subject to regulation and supervision by APRA at the relevant time.

12.2 Definitions

The following words have these meanings in these Westpac TPS Terms unless the contrary intention appears:

Accumulated Interest has the meaning given in the Notes Terms.

Acquisition Event means:

- (a) a takeover bid is made to acquire all or some of the Ordinary Shares and the offer is, or becomes, unconditional; and
 - (i) the bidder has at any time during the offer period, a relevant interest in more than 50% of the Ordinary Shares on issue; or
 - (ii) the Westpac Directors issue a statement recommending acceptance of the offer; or
- (b) a court orders the holding of meetings to approve a scheme of arrangement under Part 5.1 of the Corporations Act which scheme would result in a person having a relevant interest in more than 50% of the Ordinary Shares that will be on issue after the scheme is implemented and either:
 - (i) the members of Westpac pass a resolution approving the scheme; or

- (ii) an independent expert issues a report that the proposals in connection with the scheme are in the best interests of the holders of Ordinary Shares.

Administrative Action means 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).

APRA means the Australian Prudential Regulation Authority (ABN 79 635 582 658) or any authority succeeding to its powers and responsibilities.

APRA Event means:

- (a) APRA determines in writing that Westpac has a Tier 1 Capital Ratio of less than 5% (or such other percentage as may be required from time to time by APRA) or a Total Capital Adequacy Ratio of less than 8% (or such other percentage as may be required from time to time by APRA);
- (b) APRA issues a written directive to Westpac under Section 11CA of the *Banking Act 1959* (Cth) for Westpac to increase its capital;
- (c) APRA appoints a statutory manager to Westpac under subsection 13A(1) of the *Banking Act 1959* (Cth) or commences proceedings for the winding-up of Westpac; or
- (d) the retained earnings of Westpac fall below zero.

ASX means Australian Stock Exchange Limited (ABN 98 008 624 691).

ASX Listing Rules means the listing rules of ASX as amended, varied or waived (whether in respect of the Trust or generally) from time to time.

ASX Market Rules means the market rules of ASX.

Automatic Exchange Event has the meaning given in clause 5.2.

Automatic Exchange Notice means a notice given under clause 5.3.

Bank Bill Rate has the meaning given in clause 2.1.

Bookbuild means the process conducted by the Issuer or its agents prior to the opening of the Offer whereby certain investors and brokers lodge bids for Westpac TPS and, on the basis of those bids, the Issuer determines the Initial Margin and announces its determination prior to the opening of the Offer.

Business Day has the meaning given in the ASX Listing Rules.

Capital Securities means any equity, hybrid or subordinated debt capital security issued by Westpac which is, or comprises part of an instrument which is, Tier 1 Capital, but does not include Notes.

Constitution means the constitution of the Trust executed by the Issuer.

Corporations Act means the *Corporations Act 2001* (Cth).

Conversion has the meaning given in clause 3.1(b), and **Convert**, **Convertible** and **Converted** have a corresponding meaning.

Conversion Discount has the meaning given in clause 6.1.

Conversion Number has the meaning given in clause 6.2.

Distributable Profits means:

- (a) the profits after tax of the Westpac Group (on a consolidated basis) for the immediately preceding two half yearly financial periods for which results have been publicly announced by Westpac (or any other amount as determined by APRA in its discretion to be applicable for the purpose of the Westpac Group's Tier 1 Capital instruments);

less

- (b) the aggregate amount of dividends or other distributions paid or payable by a member of the Westpac Group on its Tier 1 Capital instruments (but not including a dividend or distribution paid or payable to a member of the Westpac Group by another member of the Westpac Group) on or before the Distribution Payment Date during the current financial year of Westpac.

Distribution has the meaning given in clause 2.1.

Distribution Payment Date has the meaning given in clause 2.8.

Distribution Period means in respect of a Westpac TPS:

- (a) for the first Distribution Period, the period from (and including) the Issue Date until (and including) the first Distribution Payment Date;
- (b) each subsequent Distribution Period, the period from (but not including) the preceding scheduled Distribution Payment Date to (and including) the next Distribution Payment Date.

Distribution Rate has the meaning given in clause 2.1.

Equal Ranking Instrument means:

- (a) the TPS 2003 Debentures and the TPS 2004 Debentures;
- (b) if both securities described in paragraph (a) have converted into TPS 2003 Preference Shares and TPS 2004 Preference Shares, those preference shares; and
- (c) any other instrument the claim arising under which ranks, or is expressed to rank, equally with those securities for a return of capital in a winding-up of Westpac.

Event of Default means the happening of any one or more of the following events:

- (a) a Liquidation Event occurs in respect of Westpac;
- (b) Westpac ceases or suspends the conduct of all of its business; or
- (c) Westpac makes a payment in breach of clause 2.6.

Exchange has the meaning given in clause 3.1(c) and **Exchanged** has a corresponding meaning.

Foreign Westpac TPS Holder means a Westpac TPS Holder whose address in the Register is a place outside Australia.

Initial Margin has the meaning given in clause 2.1.

Interest Payment means an interest payment under the Notes.

Issue Date means the date on which the issue of Westpac TPS under or in connection with the Offer is completed.

Issue Price has the meaning given in clause 1.2.

Issuer means initially Westpac Funds Management Limited (ABN 28 085 352 405) and, after registration of the Trust, the company which is registered with ASIC as the responsible entity of the Trust under the Corporations Act.

Issuer Notice means a notice given by the Issuer under clause 4.2.

Liquidation Amount means, in respect of a Westpac TPS, the Issue Price plus any Distribution due but unpaid at the commencement of the winding-up of Westpac.

Liquidation Event means:

- (a) a proceeding is commenced by Westpac or a person that controls Westpac for an order that Westpac be dissolved, wound up or liquidated or for the appointment of a provisional liquidator, liquidator, administrator, controller or similar official in respect of Westpac or all or substantially all of its property;
- (b) the members of Westpac resolve to wind up Westpac; or
- (c) a provisional liquidator, liquidator, administrator, controller or similar official is appointed in respect of Westpac on all or substantially all of its property and such appointment is not revoked or set aside within 21 days of such appointment.

Margin has the meaning given in clause 2.1.

Maximum Conversion Number means 50, subject to clauses 6.5 to 6.8.

Notes means notes issued by Westpac to the Issuer under the Note Deed.

Note Deed means the deed so named between Westpac and the Issuer relating to the issue of Notes and including in schedule 1 the Notes Terms.

Notes Terms means terms of issue of the Notes.

Offer means the invitation made by the Issuer under the PDS to apply for Westpac TPS.

Optional Distribution has the meaning given in clause 2.5(a).

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

Ordinary Share Issue Price has the meaning given in clause 6.1(a)(i).

Ordinary Unit means the ordinary unit in the Trust issued by the Issuer under the Constitution.

Ordinary Unitholder means Westpac, which is Registered as the holder of the Ordinary Unit.

PDS means the product disclosure statement issued by the Issuer for the Offer of Westpac TPS (including any supplementary or replacement product disclosure statement).

Preference Share means a fully paid preference share in the capital of Westpac issued on Exchange under the Preference Share Terms.

Preference Share Margin means the margin that will apply to the Preference Shares under clause 5.3(d) and the Preference Share Terms.

Preference Share Issue Price means, for each Preference Share, an issue price of \$100.

Preference Share Terms means the terms of issue of the Preference Shares, included as schedule 1 to the Undertaking Deed.

Realisation Date means:

- (a) in the case of a Conversion, the date on which Conversion is to occur under clause 4.2;

- (b) in the case of an Exchange, the date on which Exchange is to occur under clause 5.3; and

- (c) in the case of a Redemption, the date on which Redemption is to occur under clause 4.2.

Realisation Date Notice means a notice given by the Issuer under clause 6.1.

Record Date means:

- (a) in respect of any Distribution, the date which is 11 Business Days before the Distribution Payment Date;
- (b) in respect of any Optional Distribution, the date prior to the payment of the Optional Distribution that is determined by the Westpac Directors,

or such other date as may be required by ASX and approved by the Issuer.

Redemption has the meaning given in clause 3.1(a) and **Redeemable** and **Redeemed** have the corresponding meaning.

Redemption Price has the meaning given in clause 3.5.

Register means the register of Westpac TPS Holders kept by the Issuer under the Corporations Act.

Registered means recorded in the Register.

Regulatory Event means:

- (a) receipt by Westpac of advice from a reputable legal counsel to the effect that, as a result of:
 - (i) any amendment to, clarification of, or change (including any announcement of a prospective change) in, the laws or regulations of Australia or New Zealand; 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, governmental authority or regulatory body (irrespective of the manner in which such amendment, clarification, change or Administrative Action is made known), which amendment, clarification, change or Administrative Action is effective or Administrative Action is announced on or after the Issue Date (whether or not the subject of a notice or announcement prior to that date) (including clarification that does not change the law but differs from Westpac's understanding of the law at the Issue Date):
 - (iii) additional requirements would be imposed on Westpac or the Issuer in relation to Notes, Westpac TPS or, if issued, Preference Shares; or
 - (iv) there would be a negative impact on Westpac, the Issuer, Westpac TPS Holders or, if issued, the holders of Preference Shares, which Westpac determines, at its sole discretion, to be unacceptable; or
- (b) the determination by Westpac that there is a risk that Notes, Westpac TPS or Preference Shares will not be included (in whole or in part) in Tier 1 Capital on a Level 1, Level 2 or Level 3 basis.

Special Resolution means a Resolution for the purposes of the Constitution where the required majority is 75%.

Step-Up Date means the first Distribution Payment Date on or after the tenth anniversary of the Issue Date.

Tax Act means:

- (a) the *Income Tax Assessment Act 1936* (Cth) or the *Income Tax Assessment Act 1997* (Cth) as the case may be as amended and a reference to any section of the *Income Tax Assessment Act 1936* (Cth) includes a reference to that section as rewritten in the *Income Tax Assessment Act 1997* (Cth);
- (b) any other law setting the rate of income tax payable; and
- (c) any regulation made under such laws.

Tax Event means the receipt by Westpac of an opinion from a reputable legal counsel or other tax adviser in Australia or New Zealand experienced in such matters to the effect that, as a result of:

- (a) any amendment to, clarification of, or change (including any announced prospective change) in, the laws or treaties (or any regulations made under such laws or treaties) of either such jurisdiction or any political subdivision of, or taxing authority in, either such jurisdiction; or
- (b) any Administrative Action or any amendment to, clarification of, or change in an Administrative Action, in each case, by any legislative body, court, governmental authority or regulatory body, irrespective of the manner in which such amendment, clarification, change or Administrative Action is made known, which amendment, clarification, change or Administrative Action is effective, or which Administrative Action is announced, on or after the Issue Date (whether or not the subject of a notice or announcement prior to that date), there is more than an insubstantial risk that:
 - (c) Westpac would be exposed to more than a *de minimis* increase in its costs including grossing-up for withholding tax in relation to Notes or, if issued, Preference Shares or any Westpac TPS Holder or holder of Preference Shares, if issued, would be similarly exposed to such an increase;
 - (d) there would be more than a *de minimis* increase in the taxes, duties or government charges imposed on Westpac in respect of Notes or, if issued, Preference Shares, or the Issuer in respect of Westpac TPS, or imposed on the holder of Notes, or imposed on any Westpac TPS Holders, or imposed on any holder of Preference Shares, if issued;
 - (e) Notes or, if issued, the Preference Shares would not be treated as equity interests for Australian tax purposes, or any Interest Payment or payment of Accumulated Interest in relation to the Notes or, if issued, dividend in relation to the Preference Shares would not be a frankable dividend or distribution within the meaning of Division 202 of the Tax Act, or Westpac TPS Holders would be denied or otherwise not be entitled to franking credit benefits in respect of Trust Income consisting of franked distributions to which they are entitled or, if issued, holders of Preference Shares would be denied or otherwise not be entitled to franking credit benefits in respect of dividends (other than where the holder's lack of entitlement to franking credit benefits is a result of the actions of the holder), or franking debits would be posted to Westpac's franking account; or

- (f) any Interest Payment or payment of Accumulated Interest on the Notes or any expenditure in relation to Westpac's hedging of the Notes would not be deductible, or there is an adverse change in the level (or timing) of deductibility, to Westpac for New Zealand tax purposes.

Tax Rate has the meaning given in clause 2.1.

Termination Amount has the meaning given in clause 8.3(d).

Tier 1 Capital means at any time any equity, debt or hybrid so described by APRA.

Tier 1 Capital Ratio means at any time the ratio so described by APRA.

Total Capital Adequacy Ratio means at any time the ratio so described by APRA.

TPS 2003 Debentures means the securities issued under the 2003 Junior Subordinated Indenture.

TPS 2004 Debentures means the securities issued under the 2004 Junior Subordinated Indenture.

TPS 2003 Preference Shares means the preference shares of Westpac designated as 2003 Series I Preference Shares which may be issued in connection with the 2003 Junior Subordinated Indenture.

TPS 2004 Preference Shares means the preference shares of Westpac designated as 2004 Series I Preference Shares which may be issued in connection with the 2004 Junior Subordinated Indenture.

Transaction Documents means the Note Deed, the Undertaking Deed and the Constitution.

Trust means the Westpac TPS Trust, ARSN 119 504 380 established under the Constitution.

Trust Event means:

- (a) the Issuer is removed or retires as responsible entity of the Trust and Westpac has not given its consent to the change of responsible entity;
- (b) Westpac TPS Holders requisition a meeting to wind up the Trust, to approve an amendment to the Constitution or to remove the Issuer as responsible entity of the Trust and Westpac has not given its consent to such winding-up, amendment or change in responsible entity; or
- (c) the ability of the Issuer to redeem Westpac TPS is or will be impaired or removed.

Trust Income means, in respect of a Distribution Period, the amount determined by the Issuer under clause 9.2 of the Constitution, being the income of the Trust according to ordinary concepts.

Undertaking Deed means the deed so named between Westpac and the Issuer relating to the Trust.

VWAP means, subject to any adjustments under clause 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 transaction defined in the ASX Market Rules as "special" crossings prior to the commencement of normal trading, crossings during the after hours adjust phase, crossings during the closing phase, overnight crossings, or any overseas trades or trades pursuant to the exercise of options over Ordinary Shares.

VWAP Period has the meaning given in clause 6.1(a)(i).

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

Westpac Directors means some or all of the directors of Westpac acting as a board.

Westpac Group means Westpac and its controlled entities.

Westpac TPS means the Westpac Trust Preferred Securities, which are preferred units in the Trust as described in clause 1.1 and issued by the Issuer under the Constitution including these Westpac TPS Terms.

Westpac TPS Holder means a person Registered as the holder of a Westpac TPS (including persons jointly Registered) as the context may require.

Westpac TPS Terms means these terms and conditions.

2003 Junior Subordinated Indenture means the Westpac Banking Corporation's Junior Subordinated Indenture dated 13 August 2003 as supplemented by the Supplemental Indenture No 1 dated 13 August 2003.

2004 Junior Subordinated Indenture means the Westpac Banking Corporation's Junior Subordinated Indenture dated 13 August 2003 as supplemented by the Supplemental Indenture No 2 dated 5 April 2004.

Preference Share Terms



- 1 Preference Shares
- 2 Dividends
- 3 Redemption or Conversion
- 4 Preference Shares general rights
- 5 Voting rights
- 6 Notice and reports
- 7 Quotation on ASX
- 8 Amendment of these Preference Share Terms
- 9 Interpretations and definitions

Preference Share Terms

1 Preference Shares

- (a) Preference Shares are fully paid preference shares in the capital of Westpac. They are issued, and may be Redeemed or Converted by Westpac, under these Preference Share Terms.
- (b) The issue price of each Preference Share (**Preference Share Issue Price**) is \$100.
- (c) The Preference Share Issue Date is *[state date that is the Realisation Date as that term is defined in the Westpac TPS Terms]*.
- (d) The Preference Shares are designated as the "2006 Series 1 Preference Shares" and comprise a separate class of shares in the capital of Westpac.

2 Dividends

2.1 Dividends

Subject to these Preference Share Terms, each Preference Share entitles the Preference Shareholder on a Record Date to receive on the relevant Dividend Payment Date a dividend (**Dividend**) calculated using the following formula:

$$\text{Dividend} = \frac{\text{Dividend Rate} \times \text{Preference Share Issue Price} \times \text{N}}{365}$$

where:

Dividend Rate (expressed as a percentage per annum) is calculated using the following formula:

$$\text{Dividend Rate} = (\text{Bank Bill Rate} + \text{Preference Share Margin}) \times (1 - \text{Tax Rate})$$

where:

Bank Bill Rate (expressed as a percentage per annum) means:

- (a) for the first Dividend Period, *[insert the percentage per annum which is applicable under the Westpac TPS Terms being:*
 - (i) *if the Preference Share Issue Date is 31 March, 30 June, 30 September or 31 December (or the Business Day following that day if that day is not a Business Day), the Bank Bill Rate as determined under clause 2.1(b) on that date; or*
 - (ii) *if the Preference Share Issue Date is any other date, the Bank Bill Rate applicable to Westpac TPS immediately prior to the Preference Share Issue Date]; and*
- (b) for any other Dividend Period, the average mid-rate for bills of a term of 90 days which average rate is displayed on Reuters page BBSW (or any page which replaces that page) on the first Business Day of the Dividend Period or if there is a manifest error in the calculation of that average rate or that average rate is not displayed by 10.30am (Sydney time) 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:
 - (i) the rates otherwise bid and offered for bills of a term of 90 days or for funds of that tenor displayed on Reuters page BBSW (or any page which replaces that page) at that time on that date; or

- (ii) if bid and offer rates for bills of a term of 90 days are not otherwise available, the rates otherwise bid and offered for funds of that tenor at or around that time on that date.

Preference Share Margin (expressed as a percentage per annum) means in respect of the period:

- (a) up to (and including) the Step-Up Date, 1.00% (**Preference Share Initial Margin**); and
- (b) from (but not including) the Step-Up Date, the Preference Share Initial Margin plus 1.00% per annum; and

Tax Rate (expressed as a decimal) means the Australian corporate tax rate applicable to the franking account of Westpac at the relevant Dividend Payment Date; and

N means in respect of:

- (a) the first Dividend Payment Date, the number of days from (and including) the Preference Share Issue Date until (and including) the first Dividend Payment Date; and
- (b) each subsequent Dividend Payment Date, the number of days from (but not including) the preceding Dividend Payment Date until (and including) the next Dividend Payment Date.

2.2 Franking adjustments

If any Dividend would not be franked to 100% under Part 3-6 of the Tax Act (or any provisions that revise or replace that Part), otherwise than because of any act by, or circumstance affecting, any particular Preference Shareholder the Dividend will be calculated using the following formula:

$$\text{Dividend} = \frac{\text{D}}{1 - [\text{Tax Rate} \times (1 - \text{Franking Rate})]}$$

where:

D means the Dividend calculated under clause 2.1; and

Franking Rate means the applicable franking rate (expressed as a decimal), being the franking percentage (within the meaning of Part 3-6 of the Tax Act or any provisions that revise or replace that Part) applicable to the relevant Dividend.

2.3 Conditions to Dividends

The payment of a Dividend (including an Optional Dividend) is subject to:

- (a) the Westpac Directors, in their absolute discretion, having determined that the Dividend is payable;
- (b) unless APRA gives it prior approval, the amount of the Dividend not exceeding Distributable Profits; and
- (c) in the case of:
 - (i) a Dividend, APRA not otherwise objecting to the payment; or
 - (ii) an Optional Dividend, APRA having given its prior approval to the payment.

If all, or any part, of a Dividend is not paid on a Dividend Payment Date because of this clause 2.3, the Westpac Directors, in their absolute discretion, may determine an optional Dividend (**Optional Dividend**) to be payable on any date, subject to this clause 2.3.

2.4 Dividends are non-cumulative

Dividends are non-cumulative. If all or any part of a Dividend (including an Optional Dividend) is not paid because of clause 2.3, Westpac has no liability to pay the unpaid amount of the Dividend and, notwithstanding the Westpac Directors' discretion to pay an Optional Dividend under clause 2.3, Preference Shareholders have no claim or entitlement in respect of such non-payment.

2.5 Dividend Payment Dates

Subject to this clause 2 and clause 4, Dividends (other than Optional Dividends) are to be paid in arrears on the following dates (each a **Dividend Payment Date**):

- (a) each 31 March, 30 June, 30 September or 31 December occurring after the Preference Share Issue Date until the last Realisation Date; and
- (b) each Realisation Date.

2.6 Record Dates

A Dividend is only payable on a Dividend Payment Date to those persons registered as Preference Shareholders on the Record Date for that Dividend.

An Optional Dividend is only payable on the date of payment determined by the Westpac Directors to those persons registered as Preference Shareholders on the Record Date for that Optional Dividend.

2.7 Deductions

Westpac may deduct from any Dividend payable the amount of any withholding or other tax, duty or levy required by law to be deducted in respect of such amount. If any such deduction has been made and the amount of the deduction accounted for by Westpac to the relevant revenue authority and the balance of the Dividend payable has been paid to the relevant Preference Shareholder, then the full amount payable to such Preference Shareholder shall be deemed to have been duly paid and satisfied by Westpac.

Westpac shall pay the full amount required to be deducted to the relevant revenue authority within the time allowed for such payment without incurring any penalty under the applicable law and shall, if required by any Preference Shareholder, deliver to that Preference Shareholder the relevant receipt issued by the revenue authority without delay after it is received by Westpac.

2.8 Restrictions in the case of non-payment

If:

- (a) for any reason a Dividend has not been paid in full within 20 Business Days after the relevant Dividend Payment Date; or
- (b) a Distribution scheduled to be paid on a Westpac TPS that has been exchanged into a Preference Share was not paid in full within 20 Business Days of the relevant Distribution Payment Date and remains unpaid,

Westpac must not, without approval of a Special Resolution:

- (c) pay any interest, declare or pay any dividends or make any income distributions on any Capital Securities ranking equally with or junior to Preference Shares in respect of those payments; or
- (d) redeem, reduce, cancel or acquire for any consideration, any Capital Securities (other than Capital Securities ranking equally with or in priority to Preference Shares for a return of capital in a winding-up of Westpac),

unless:

- (e) four consecutive Dividends scheduled to be paid on Preference Shares after the Dividend Payment Date for the Dividend that has not been paid have been paid in full;
- (f) an Optional Dividend has been paid to all Preference Shareholders equal to the aggregate amount of any Unpaid Distributions which were scheduled to be paid in the 12 months before the date of payment of the Optional Dividend;
- (g) all Preference Shares have been Redeemed or Converted; or
- (h) a Special Resolution of the Preference Shareholders has been passed approving such action, and APRA does not otherwise object.

2.9 Restrictions not to apply in certain circumstances

The restrictions in clause 2.8 do not apply to:

- (a) pro rata payments on Preference Shares and on Capital Securities ranking equally with Preference Shares in respect of those payments;
- (b) repurchases, redemptions or other acquisitions of shares of Westpac in connection with:
 - (i) any employment contract, benefit plan or other similar arrangement with or for the benefit of any one or more employees, officers, directors or consultants of Westpac or any member of the Westpac Group;
 - (ii) a dividend plan or shareholder share purchase plan; or
 - (iii) the issuance of shares of Westpac, or securities convertible into or exercisable for such shares, as consideration in an acquisition transaction entered into prior to the occurrence of the failure to pay a Dividend on the relevant Dividend Payment Date;
- (c) an exchange, redemption or conversion of any class or series of Westpac's shares, or any shares of a member of the Westpac Group, for any class or series of Westpac's shares, or of any class or series of Westpac's indebtedness for any class or series of Westpac's shares;
- (d) the purchase of fractional interests in shares of Westpac under the conversion or exchange provisions of the shares or the security being converted or exchanged;
- (e) any payment or declaration of a dividend in connection with any shareholders' rights plan, or the issuance of rights, shares or other property under any shareholders' rights plan, or the redemption or repurchase of rights pursuant to the plan;
- (f) any dividend in the form of shares, warrants, options or other rights where the dividend shares or the shares issuable upon exercise of such warrants, options or other rights are the same class or series of shares as those on which the dividend is being paid or rank equally with or junior to those shares;
- (g) any capital raising through a rights issue; and
- (h) Westpac or any of its controlled entities purchasing shares in Westpac in connection with transactions for the account of customers of Westpac or any of its controlled entities or in connection with the distribution or trading of shares in Westpac in the ordinary course of business.

2.10 Preference Shares are preferred

Preference Shareholders are entitled (subject to these Preference Share Terms) to receive Dividends:

- (a) in priority to holders of Ordinary Shares; and
- (b) equally with the holders of FIRsTS Preference Shares, TPS 2003 Preference Shares and TPS 2004 Preference Shares.

3 Redemption or Conversion

3.1 Redemption or Conversion

- (a) **Redemption**, in respect of a Preference Share, means the Preference Share is redeemed, bought back (other than by an on-market buy-back) or cancelled pursuant to a reduction of capital (or any combination of these) for an amount of cash equal to the Preference Share Issue Price under clause 3.6.
- (b) **Conversion** in respect of a Preference Share means the Preference Share is converted into a number of Ordinary Shares calculated under clause 3.7.

3.2 Redemption or Conversion by Preference Shareholders

Preference Shareholders have no right to seek or initiate Redemption or Conversion.

3.3 Redemption or Conversion by Westpac

Westpac may elect to Redeem (subject to APRA's prior approval if required) or Convert as follows:

- (a) all or some Preference Shares on the Step-Up Date;
- (b) all or some Preference Shares on any Dividend Payment Date after the Step-Up Date;
- (c) all or some Preference Shares, at any time if an Acquisition Event, a Regulatory Event or a Tax Event has occurred; or
- (d) all (but not some only) Preference Shares at any time, if the aggregate Face Value of the Preference Shares on issue is less than \$50 million.

3.4 Issuer Notices

To elect to Redeem or Convert, Westpac must give an Issuer Notice. An Issuer Notice is irrevocable. The Issuer Notice must:

- (a) in the case of a Redemption or Conversion under clause 3.3(a) or 3.3(b), be given no less than 21 Business Days (but no more than three months) before the Step-Up Date or relevant Dividend Payment Date and state the Step-Up Date or relevant Dividend Payment Date as the Realisation Date;
- (b) in any other case, state as the Realisation Date:
 - (i) the Dividend Payment Date immediately following the date of the Issuer Notice; or
 - (ii) an earlier date determined by Westpac, unless, in the case of Conversion, the date of the Issuer Notice would be within 20 Business Days of the Dividend Payment Date, in which case the Realisation Date will be 21 Business Days after the date of the Issuer Notice;
- (c) if the Issuer Notice provides that Preference Shares are to be Redeemed, state whether the Preference Share Issue Price is payable by way of redemption, buy-back or reduction of capital or any combination of these;
- (d) if less than all Preference Shares are being Redeemed or Converted, state the number of Preference Shares in each Preference Shareholder's holding that are to be Redeemed or Converted; and

- (e) state whether Westpac will Redeem or Convert or use any combination of Redemption or Conversion in respect of the Preference Shares that are the subject of the Issuer Notice.

3.5 Partial Redemption or Conversion

- (a) Westpac cannot give an Issuer Notice in respect of only some Preference Shares under clause 3.3 if, as at the date of the Issuer Notice, the Redemption or Conversion would result in the aggregate Face Value of the Preference Shares on issue being less than \$50 million.
- (b) If some but not all Preference Shares are Redeemed or Converted, Westpac must endeavour to treat Preference Shareholders on an approximately proportionate basis, but may discriminate to take account of the effect on marketable parcels and other logistical considerations.

3.6 Redemption

Subject to APRA's approval (if required), if Westpac elects to Redeem the following provisions apply:

- (a) Westpac may Redeem the Preference Shares specified in the Issuer Notice by payment of the Preference Share Issue Price to the Preference Shareholder on the relevant Realisation Date;
- (b) upon payment of the Preference Share Issue Price and any due but unpaid Dividend to the Preference Shareholder, all other rights conferred, or restrictions imposed, by the Preference Shares held by that Preference Shareholder under these Preference Share Terms will no longer have effect;
- (c) if the Redemption involves a buy-back of Preference Shares, each Preference Shareholder agrees to accept the buy-back offer for their Preference Shares to which the Issuer Notice relates and will be deemed to have sold those Preference Shares to Westpac on the Realisation Date; and
- (d) if the Redemption involves a reduction of capital with respect to Preference Shares and under applicable law Preference Shareholders are entitled to vote on a resolution to approve that reduction of capital, each Preference Shareholder agrees to vote in favour of that resolution.

3.7 Conversion

If Westpac elects to Convert, the following provisions apply:

- (a) each Preference Share that is being Converted will convert into one Ordinary Share on the Realisation Date;
- (b) each Preference Shareholder will be allotted, for no consideration, an additional number of Ordinary Shares for each Preference Share that is being Converted on the Realisation Date (**Conversion Number**) equal to **one less than** the lesser of the number of Ordinary Shares equal to the Maximum Conversion Number and the number of Ordinary Shares calculated using the following formula:

$$\text{Conversion Number} = \frac{\text{Preference Share Issue Price}}{\text{VWAP} \times (1 - \text{Preference Share Conversion Discount})}$$

where:

VWAP (expressed as a dollar value) means the VWAP during the period of 20 Business Days on which trading in Ordinary Shares took place immediately preceding the relevant Realisation Date (**VWAP Period**); and

Preference Share Conversion Discount (expressed as a decimal) means a conversion discount of 0.025;

- (c) if the total number of additional Ordinary Shares to be allotted to a Preference Shareholder in respect of their aggregate holding of Preference Shares upon Conversion includes a fraction of an Ordinary Share, that fraction of an Ordinary Share will be disregarded;
- (d) a Preference Share, upon Conversion, confers all of the rights attaching to one Ordinary Share but these rights do not take effect until 5.00pm (Sydney time) on the Realisation Date. At that time:
 - (i) all other rights conferred or restrictions imposed on that Preference Share under these Preference Share Terms will no longer have effect (except for rights relating to a Dividend which is due but has not been paid on or before the Realisation Date which will continue); and
 - (ii) the Ordinary Share resulting from a Conversion will rank equally with all other Ordinary Shares.

Conversion does not constitute a redemption, buy-back, cancellation or termination of a Preference Share or an issue, allotment or creation of a new Ordinary Share (other than the additional Ordinary Shares allotted under clause 3.7(b)).

3.8 Adjustments to VWAP

For the purposes of calculating VWAP under clause 3.7(b):

- (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 Preference Shares will Convert into Ordinary Shares after the date those Ordinary Shares no longer carry that dividend or any 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 shall be reduced by an amount (**Cum Value**) equal to:
 - (i) (in case of a dividend or other distribution), the amount of that dividend or other distribution including, if the dividend or other distribution is franked, the amount that would be included in the assessable income of a recipient of the dividend or other distribution who is both a resident of Australia and a natural person under the Tax Act;
 - (ii) (in the case of any other entitlement which is traded on ASX on any of those Business Days), the volume weighted average sale price of all such entitlements sold on ASX during the VWAP Period on the Business Days on which those entitlements were traded; or
 - (iii) (in the case of any other entitlement not traded on ASX during the VWAP Period), the value of the entitlement as reasonably determined by the Westpac Directors; and
- (b) where, on some or all of the Business Days in the VWAP Period, Ordinary Shares have been quoted on ASX as ex dividend or ex any other distribution or entitlement, and Preference Shares will Convert into Ordinary Shares which would be entitled to receive the relevant dividend or other 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 shall be increased by the Cum Value; and

- (c) where the Ordinary Shares are reconstructed, consolidated, divided or reclassified into a lesser or greater number of securities during the VWAP Period, the VWAP shall be adjusted by the Westpac Directors as they consider appropriate. Any adjustment made by the Westpac Directors will constitute an alteration to these Preference Share Terms and will be binding on all Preference Shareholders and these Preference Share Terms will be construed accordingly.

Any such adjustment will promptly be notified to all Preference Shareholders by ASX announcement.

3.9 Adjustment to Maximum Conversion Number for bonus and rights issues

- (a) Subject to clauses 3.9(b) and (c) below, if Westpac makes a pro rata bonus issue or a rights issue or other essentially pro rata issue (including an issue of the kind known as a "jumbo" issue, where offers to certain institutional holders (or beneficial holders) are made in advance of offers to other holders) of Ordinary Shares to holders of Ordinary Shares generally, the Maximum Conversion Number will be adjusted immediately in accordance with the following formula:

$$CN = CNo \times P \times \frac{(RD + RN)}{(RD \times P) + (RN \times A)}$$

where:

- CN means the Maximum Conversion Number applying immediately after the application of this formula;
 - CNo means the Maximum Conversion Number applying immediately prior to the application of this formula;
 - P means the VWAP during the period from (and including) the first Business Day after the announcement of the bonus, rights or other relevant issue to ASX up to (and including) the last Business Day of trading cum rights, bonus or other relevant issue (or if there is no period of trading cum rights, bonus or other relevant issue, an amount reasonably determined by the Westpac Directors as representing the value of an Ordinary Share cum the rights, bonus or other relevant issue);
 - A means the subscription or unit price per Ordinary Share for a rights or other pro rata issue and is zero in the case of a bonus issue;
 - RN means the number of Ordinary Shares issued pursuant to the rights, bonus or other relevant issue; and
 - RD means the number of Ordinary Shares on issue immediately prior to the allotment of new Ordinary Shares pursuant to the rights, bonus or other relevant issue.
- (b) No adjustment to the Maximum Conversion Number will occur if A exceeds P.
 - (c) Clause 3.9(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.
 - (d) For the purpose of clause 3.9, an issue will be regarded as a pro rata issue notwithstanding that Westpac does not make offers to some or all holders of Ordinary Shares with registered addresses outside Australia and New Zealand, provided that in so doing Westpac is not in contravention of the ASX Listing Rules.

3.10 Adjustment to Maximum Conversion Number for off-market buyback

- (a) Subject to clause 3.10(b), if Westpac undertakes an off-market buyback under a scheme which but for restrictions on transfer would be generally available to holders of Ordinary Shares, the Maximum Conversion Number will be adjusted immediately in accordance with the following formula:

$$CN = CNo \times P \times \frac{(BD - BN)}{(BD \times P) - (BN \times A)}$$

where:

- CN means the Maximum Conversion Number applying immediately after the application of this formula;
- CNo means the Maximum Conversion Number applying immediately prior to the application of this formula;
- P means the VWAP during the 20 Business Days prior to the announcement to ASX of the buyback;
- A means the buyback price per Ordinary Share;
- BN means the number of Ordinary Shares bought back; and
- BD means the number of Ordinary Shares on issue immediately prior to the buyback.
- (b) No adjustment to the Maximum Conversion Number will occur if P exceeds A.
- (c) For the purpose of clause 3.10, a scheme will be considered to be generally available to holders of Ordinary Shares notwithstanding that Westpac has determined that shareholders with registered addresses outside Australia and New Zealand are not entitled to participate in the scheme, provided that in so doing Westpac is not in contravention of the ASX Listing Rules or the Corporations Act.

3.11 Adjustment to Maximum Conversion Number for return of capital

If Westpac makes a pro rata return of capital to holders of Ordinary Shares, the Maximum Conversion Number will be adjusted immediately in accordance with the following formula:

$$CN = CNo \times \frac{P}{(P - C)}$$

where:

- CN means the Maximum Conversion Number applying immediately after the application of this formula;
- CNo means the Maximum Conversion Number applying immediately prior to the application of this formula;
- P means the VWAP during the period from (and including) the first Business Day after the announcement of the return of capital to ASX up to and including the last Business Day of trading cum the return of capital (or if there is no period of trading cum return of capital, an amount reasonably determined by the Westpac Directors as representing the value of Ordinary Shares cum the return of capital); and
- C means with respect to a return of capital, the amount of the cash and/or the value (as reasonably determined by the Westpac Directors) of any other property distributed to holders of Ordinary Shares per Ordinary Share (or such lesser amount such that the difference between P and C is greater than zero).

3.12 Adjustment to Maximum Conversion Number for Capital Reconstruction

If at any time the Ordinary Shares are reconstructed, consolidated, divided or reclassified into a lesser or greater number of securities, the Westpac Directors may reconstruct the Maximum Conversion Number as the Westpac Directors consider appropriate. Each Preference Shareholder acknowledges that Westpac may reconstruct, consolidate, divide or reclassify into a lesser or greater number of securities the Ordinary Shares at any time in its absolute discretion without any such action constituting a variation of rights to Preference Shareholders or otherwise requiring any consent or concurrence.

3.13 Power of attorney

Each Preference Shareholder appoints each of Westpac, its officers and any liquidator or administrator of Westpac (each an **Attorney**) severally to be the attorney of the Preference Shareholder with power in the name and on behalf of the Preference Shareholder 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 for the Preference Shareholder to observe or perform the Preference Shareholder's obligations under these Preference Share Terms including, but not limited to, accepting any buy-back offer or exercising voting power in relation to any consent or approval required for Redemption or Conversion.

The power of attorney given in this clause 3.13 is given for valuable consideration and to secure the performance by the Preference Shareholder of the Preference Shareholder's obligations under these Preference Share Terms and is irrevocable.

3.14 On-market buy-backs

Subject to APRA's approval (if required), Westpac may buy back Preference Shares at any time and at any price by an on-market buy-back.

3.15 Notice of Acquisition Event

Westpac must notify Preference Shareholders of the occurrence of an Acquisition Event by announcement to ASX as soon as practicable after becoming aware of that event.

4 Preference Shares general rights

4.1 Ranking on winding-up

Preference Shares and due but unpaid Dividends on them will rank upon a winding-up of Westpac:

- senior to Ordinary Shares;
- senior to any FIRsTS Preference Shares, as upon winding-up those preference shares will have become Ordinary Shares;
- equally among themselves and with TPS 2003 Preference Shares and TPS 2004 Preference Shares;
- junior to, equally with or senior to any other preference shares Westpac may issue, as may be designated in the terms of issue for such preference shares; and
- junior to all of Westpac's liabilities and debts, including to depositors.

Westpac reserves the right to issue further Preference Shares or preference shares, or permit the exchange of shares to preference shares, which rank senior to, equally with or behind existing Preference Shares, whether in respect of

dividends, return of capital on a winding-up or otherwise. Such an issue does not constitute a variation or cancellation of the rights attached to the then existing Preference Shares.

4.2 Calculations of payments

All calculations of payments will be rounded to four decimal places. For the purposes of making any payment in respect of a Preference Shareholder's aggregate holding of Preference Shares, any fraction of a cent will be disregarded.

4.3 No set-off

Any amount due to a Preference Shareholder in respect of Preference Shares may not be set off against any claims by Westpac on the Preference Shareholder.

4.4 Return of capital

If there is a return of capital on a winding-up of Westpac, Preference Shareholders will be entitled to receive out of the assets of Westpac available for distribution to Preference Shareholders, in respect of each Preference Share held, an amount of cash (**Liquidation Sum**) equal to the sum of:

- (a) the amount of any Dividend (including any Optional Dividend) due but unpaid; and
- (b) the Preference Share Issue Price.

4.5 Shortfall on winding-up

If, upon a return of capital on a winding-up of Westpac, there are insufficient funds to pay in full the Liquidation Sum and the amounts payable in respect of any other shares in Westpac ranking equally with Preference Shares on a winding-up of Westpac, Preference Shareholders and the holders of any such other shares will share in any distribution of assets of Westpac in proportion to the amounts to which they are entitled respectively.

4.6 No participation in surplus assets

Preference Shares do not confer on their Preference Shareholders any further right to participate in the surplus assets of Westpac on a winding-up beyond payment of the Liquidation Sum.

4.7 No other rights

Preference Shares do not confer on Preference Shareholders any right to participate in profits or property of Westpac except as set out in these Preference Share Terms.

Preference Shares do not confer on Preference Shareholders any right to subscribe for new securities in Westpac or to participate in any bonus issues of shares in Westpac's capital.

4.8 Date of payment

If the date scheduled for any payment under these Preference Share Terms is not a Business Day, then the payment will be made on the next Business Day (and without any interest or other payment in respect of such delay).

5 Voting rights

5.1 Voting

Preference Shareholders will not be entitled to vote at any general meeting of Westpac except in the following circumstances:

- (a) on a proposal:
 - (i) to reduce the share capital of Westpac;
 - (ii) that affects rights attached to Preference Shares;
 - (iii) to wind up Westpac; or

- (iv) for the disposal of the whole of the property, business and undertaking of Westpac;
- (b) on a resolution to approve the terms of a share buy-back agreement other than a resolution to approve a Redemption;
- (c) during a period in which a Dividend or part of a Dividend is in arrears; or
- (d) during the winding-up of Westpac.

5.2 General meeting

At a general meeting of Westpac, Preference Shareholders are entitled, when entitled to vote in respect of the matters listed in clause 5.1:

- (a) on a show of hands, to exercise one vote; and
- (b) on a poll, to one vote for each Preference Share.

6 Notice and reports

Each Preference Shareholder is entitled to receive notice of any general meeting of Westpac and a copy of every circular and like document sent out by Westpac to Ordinary Shareholders and to attend and speak at general meetings of Westpac.

7 Quotation on ASX

Westpac must use all reasonable endeavours and furnish all such documents, information and undertakings as may be reasonably necessary in order to procure quotation of Preference Shares on ASX.

8 Amendment of these Preference Share Terms

8.1 Amendment without consent

Subject to complying with all applicable laws and with APRA's prior approval (if required), Westpac may amend these Preference Share Terms:

- (a) if Westpac is of the opinion that the amendment is:
 - (i) of a formal, minor or technical nature;
 - (ii) made to cure any ambiguity or correct any manifest error;
 - (iii) expedient for the purpose of enabling the Preference Shares to be listed for quotation or to retain listing on any stock exchange or to be offered for, or subscription for, sale under the laws for the time being in force in any place and it is otherwise not considered by Westpac to be materially prejudicial to the interests of Preference Shareholders as a whole; or
 - (iv) necessary to comply with the provisions of any statute or the requirements of any statutory authority;
- (b) under Westpac's right in clause 3.8(c); or
- (c) generally, in any case where such amendment is considered by Westpac not to be materially prejudicial to the interests of Preference Shareholders as a whole.

8.2 Amendment with consent

Without limiting clause 8.1, Westpac may, with APRA's prior approval (if required), amend these Preference Share Terms if the amendment has been approved by a Special Resolution.

8.3 Meanings

In this clause amend includes modify, cancel, alter or add to and amendment has a corresponding meaning.

9 Interpretation and definitions

9.1 Interpretation

- (a) Unless the context otherwise requires, if there is any inconsistency between the provisions of these Preference Share Terms and Westpac's constitution then, to the maximum extent permitted by law, the provisions of these Preference Share Terms will prevail.
- (b) Unless otherwise specified, the Westpac Directors may exercise all powers of Westpac under these Preference Share Terms as are not, by the Corporations Act or by Westpac's constitution, required to be exercised by Westpac in general meeting.
- (c) Notices may be given by Westpac to a Preference Shareholder in the manner prescribed by Westpac's constitution for the giving of notices to members of Westpac and the relevant provisions of Westpac's constitution apply with all necessary modification to notices to Preference Shareholders.
- (d) Unless otherwise specified, a reference to a clause is a reference to a clause of these Preference Share Terms.
- (e) If a calculation is required under these Preference Share Terms, unless the contrary intention is expressed, the calculation will be rounded to four decimal places.
- (f) Definitions and interpretation under Westpac's constitution will also apply to these Preference Share Terms unless the contrary intention is expressed.
- (g) Any provisions which refer to the requirements of APRA or any other prudential regulatory requirements will apply to Westpac only if Westpac is an entity, or the holding company of an entity, subject to regulation and supervision by APRA at the relevant time.
- (h) The terms takeover bid, relevant interest, scheme of arrangement, buy-back and on-market buy-back when used in these Preference Share Terms have the meaning given in the Corporations Act.
- (i) Headings and boldings are for convenience only and do not affect the interpretation of these Preference Share Terms.
- (j) The singular includes the plural and vice versa.
- (k) A reference to a statute, ordinance, code or other law includes regulations and other instruments under it and consolidations, amendments, re-enactments or replacements of any of them.
- (l) If an event under these Preference Share Terms must occur on a stipulated day which is not a Business Day, then the event will be done on the next Business Day.
- (m) A reference to \$ or cents is a reference to the lawful currency of Australia.
- (n) Calculations, elections and determinations made by Westpac under these Preference Share Terms are binding on Preference Shareholders in the absence of manifest error.

9.2 Definitions

The following words have these meanings in these Preference Share Terms unless the contrary intention appears:

Acquisition Event means:

- (a) a takeover bid is made to acquire all or some Ordinary Shares and the offer is, or becomes, unconditional and:

- (i) the bidder has a relevant interest in more than 50% of the Ordinary Shares on issue; or
 - (ii) the Westpac Directors issue a statement recommending acceptance of the offer; or
- (b) a court orders the holding of meetings to approve a scheme of arrangement under Part 5.1 of the Corporations Act which scheme would result in a person having a relevant interest in more than 50% of the Ordinary Shares that will be on issue after the scheme is implemented and either:
 - (i) the members of Westpac pass a resolution approving the scheme; or
 - (ii) an independent expert issues a report that the proposals in connection with the scheme are in the best interests of the holders of Ordinary Shares.

Administrative Action means 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).

APRA means the Australian Prudential Regulation Authority (ABN 79 635 582 658) or any authority succeeding to its powers or responsibilities.

ASX means Australian Stock Exchange Limited (ABN 98 008 624 691).

ASX Listing Rules means the listing rules of ASX as amended, varied or waived (whether in respect of Westpac or generally) from time to time.

ASX Market Rules means the market rules of ASX.

Bank Bill Rate has the meaning given in clause 2.1.

Business Day means a business day as defined in the ASX Listing Rules.

Capital Securities means any equity, hybrid or subordinated debt capital security issued by Westpac which is, or comprises part of an instrument which is, Tier 1 Capital.

Conversion has the meaning given in clause 3.1(b) and **Convert** and **Converted** have corresponding meanings.

Conversion Number has the meaning given in clause 3.7(b).

Corporations Act means the *Corporations Act 2001* (Cth).

Distributable Profits means:

- (a) the profits after tax of the Westpac Group (on a consolidated basis) for the immediately preceding two half yearly financial periods for which results have been publicly announced by Westpac (or any other amount as determined by APRA in its discretion to be applicable for the purpose of the Westpac Group's Tier 1 Capital instruments);

less

- (b) the aggregate amount of dividends or other distributions paid or payable by a member of the Westpac Group on its Tier 1 Capital instruments (but not including a dividend or distribution paid or payable to a member of the Westpac Group by another member of the Westpac Group) on or before the Distribution Payment Date during the current financial year of Westpac.

Distribution means a Distribution payable to holders of Westpac TPS under clause 2 of the Westpac TPS Terms.

Distribution Payment Date means the payment date for a Distribution.

Dividend has the meaning given in clause 2.1.

Dividend Payment Date has the meaning given in clause 2.5 whether or not a Dividend is paid on that date.

Dividend Period means in respect of:

- (a) the first Dividend Period, the period from (and including) the Preference Share Issue Date until (and including) the first Dividend Payment Date following the Preference Share Issue Date; and
- (b) each subsequent Dividend Period, the period from (but not including) the preceding Dividend Payment Date until (and including) the next Dividend Payment Date.

Dividend Rate has the meaning given in clause 2.1.

Face Value means \$100 per Preference Share.

FIRsTS Convertible Debenture Deed means the convertible debenture deed of Westpac dated 19 December 2002.

FIRsTS Preference Shares means the preference shares of Westpac that may be issued according to the convertible debentures of Westpac issued under the FIRsTS Convertible Debenture Deed.

Franking Rate has the meaning given in clause 2.2.

Issuer means Westpac Funds Management Limited (ABN 28 085 352 405) as responsible entity of the Westpac TPS Trust.

Issuer Notice has the meaning given in clause 3.4(a).

Liquidation Sum has the meaning given in clause 4.4.

Maximum Conversion Number means 50, subject to clauses 3.9 to 3.12.

Optional Dividend has the meaning given in clause 2.3.

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

Ordinary Shareholder means a person whose name is registered as the holder of an Ordinary Share.

Preference Share has the meaning given in clause 1(a).

Preference Share Conversion Discount has the meaning given in clause 3.7(b).

Preference Share Initial Margin has the meaning given in clause 2.1.

Preference Share Issue Date has the meaning given in clause 1(c).

Preference Share Issue Price has the meaning given in clause 1(b).

Preference Share Margin has the meaning given in clause 2.1.

Preference Share Terms means these terms of issue of Preference Shares.

Preference Shareholder means a person whose name is registered as the holder of a Preference Share.

Realisation Date means:

- (a) in the case of a Conversion, the date on which the Conversion is to occur under clause 3.7; or
- (b) in the case of a Redemption, the date on which Redemption is to occur under clause 3.6.

Record Date means for payment of:

- (a) a Dividend, the date which is 11 Business Days before the Dividend Payment Date for that Dividend (or, in the case of the first Dividend Payment Date, if the Preference Share Issue Date is less than 11 Business Days before the first Dividend Payment Date, the Preference Share Issue Date); and
- (b) an Optional Dividend, the date prior to the payment of the Optional Dividend that is determined by the Westpac Directors,

or such other date as may be required by ASX and approved by Westpac.

Redemption has the meaning given in clause 3.1(a) and **Redeem** and **Redeemed** have corresponding meanings.

Regulatory Event means:

- (a) receipt by Westpac of advice from a reputable legal counsel to the effect that, as a result of:
 - (i) any amendment to, clarification of, or change (including any announcement of a prospective change) in, the laws or regulations of Australia or New Zealand; or
 - (ii) any Administrative Action or any amendment to, clarification of, or change in any Administrative Action, in each case, by any legislative body, court, governmental authority or regulatory body (irrespective of the manner in which such amendment, clarification, change or Administrative Action is made known), which amendment, clarification, change or Administrative Action is effective or Administrative Action is announced on or after the Westpac TPS Issue Date (whether or not the subject of a notice or announcement prior to that date) (including clarification that does not change the law but differs from Westpac's understanding of the law at the Westpac TPS Issue Date);
 - (iii) additional requirements would be imposed on Westpac in relation to the Preference Shares; or
 - (iv) there would be a negative impact on Westpac or Preference Shareholders,which the directors of Westpac determine, at their sole discretion, to be unacceptable; or
- (b) the determination by Westpac that there is a risk that Preference Shares will not be included (in whole or in part) in Tier 1 Capital on a Level 1, Level 2 or Level 3 basis.

Special Resolution means a resolution passed at a meeting of Preference Shareholders by a majority of at least 75% of the votes validly cast by Preference Shareholders in person or by proxy and entitled to vote on the resolution.

Step-Up Date means the first Dividend Payment Date on or after the tenth anniversary of the Westpac TPS Issue Date.

Tax Act means:

- (a) the *Income Tax Assessment Act 1936* (Cth) or the *Income Tax Assessment Act 1997* (Cth) as the case may be and a reference to any section of the *Income Tax Assessment Act 1936* (Cth) includes a reference to that section as rewritten in the *Income Tax Assessment Act 1997* (Cth); and
- (b) any other law setting the rate of income tax payable; and
- (c) any regulation made under such laws

Tax Event means the receipt by Westpac of an opinion from a reputable legal counsel or other tax adviser in Australia or New Zealand, experienced in such matters to the effect that, as a result of:

- (a) any amendment to, clarification of, or change (including any announced prospective change), in the laws or treaties (or any regulations made under such laws or treaties) of either such jurisdiction or any political subdivision or taxing authority of either such jurisdiction;
- (b) any Administrative Action or any amendment to, clarification of, or change in, an Administrative Action,

in each case, by any legislative body, court, governmental authority or regulatory body, irrespective of the manner in which such amendment, clarification, change or Administrative Action is made known, which amendment, clarification, change or Administrative Action is effective, or which Administrative Action is announced, on or after the Westpac TPS Issue Date (whether or not the subject of a notice or announcement prior to that date), there is more than an insubstantial risk that:

- (c) Westpac would be exposed to a more than *de minimis* increase in its costs including grossing-up for withholding tax in relation to the Preference Shares or any holder of Preference Shares is similarly exposed to such an increase;
- (d) there would be more than a *de minimis* increase in the taxes, duties or government charges imposed on Westpac in respect of the Preference Shares, or imposed on any holder of Preference Shares; or
- (e) Preference Shares would not be treated as equity interests for Australian taxation purposes or any Dividend would not be a frankable dividend or distribution within the meaning of Division 202 of the Tax Act or holders of Preference Shares would be denied or otherwise not be entitled to franking credit benefits in respect of Dividends (other than where the holder's lack of entitlement to franking credit benefits in respect of Dividends is a result of the actions of the holder) or franking debits would be posted to Westpac's franking account.

Tax Rate has the meaning given in clause 2.1.

Tier 1 Capital means at any time any equity, debt or hybrid so described by APRA.

Tier 1 Capital Ratio means the ratio so described by APRA.

Total Capital Adequacy Ratio means the ratio so described by APRA.

TPS 2003 Preference Shares means the preference shares of Westpac designated as 2003 Series 1 Preference Shares.

TPS 2004 Preference Shares means the preference shares of Westpac designated as 2004 Series 1 Preference Shares.

Unpaid Distributions means any unpaid Dividends in respect of the Preference Shares and any unpaid Distributions in respect of the Westpac TPS.

VWAP means, subject to any adjustments under clause 3.8, 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 transaction defined in the ASX Market Rules as "special" crossings prior to the commencement of normal trading, crossings during the after hours adjust phase, crossings during the closing phase, overnight crossings, or any overseas trades or trades pursuant to the exercise of options over Ordinary Shares.

VWAP Period has the meaning given in clause 3.7(b).

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

Westpac Directors means some or all of the directors of Westpac acting as a board.

Westpac Group means Westpac and its controlled entities.

Westpac TPS means Westpac Trust Preferred Securities, being preferred units in the Westpac TPS Trust issued by the Issuer under the Westpac TPS Trust Constitution.

Westpac TPS Issue Date means the issue date of the Westpac TPS under the Westpac TPS Trust Constitution.

Westpac TPS Terms means the terms of issue of Westpac TPS.

Westpac TPS Trust Constitution means the constitution of the Westpac TPS Trust dated 8 August 2005.

Corporate directory

Registered office of Issuer

Westpac Funds Management Limited
Level 25
60 Martin Place
Sydney NSW 2000

Registered office of Westpac

Westpac Banking Corporation
Level 25
60 Martin Place
Sydney NSW 2000

Legal adviser to the Offer

Mallesons Stephen Jaques
Level 60, Governor Phillip Tower
1 Farrer Place
Sydney NSW 2000

Legal adviser to the responsible entity of the Trust

Gilbert + Tobin
Level 37
2 Park Street
Sydney NSW 2000

Auditor

PricewaterhouseCoopers
201 Sussex Street
Sydney NSW 2000

Tax adviser

Allens Arthur Robinson
Deutsche Bank Place
Corner Hunter and Phillip Streets
Sydney NSW 2000

Registry

Link Market Services Limited
Level 12
680 George Street
Sydney NSW 2000

Locked Bag A14
Sydney South NSW 1235

Joint Lead Managers

Westpac Banking Corporation
Level 14, Westpac Place
275 Kent Street
Sydney NSW 2000

UBS AG, Australia Branch
Level 25, Governor Phillip Tower
1 Farrer Place
Sydney NSW 2000

Goldman Sachs JBWere Pty Ltd
Level 42, Governor Phillip Tower
1 Farrer Place
Sydney NSW 2000

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

Macquarie Equity Capital Markets Limited
1 Martin Place
Sydney NSW 2000

Co-Managers

ABN AMRO Morgans Limited
Level 29
Riverside Centre
123 Eagle Street
Brisbane QLD 4000

Commonwealth Securities Limited
Level 18
363 George Street
Sydney NSW 2000

Grange Securities Limited
Level 33
264 George Street
Sydney NSW 2000

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

