

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

# MEDIA RELEASE

## Westpac announces a new Tier 1 hybrid offer

Westpac Banking Corporation today announced the launch of a new Tier 1 hybrid security to be known as Westpac Convertible Preference Shares (“Westpac CPS”), which are expected to be quoted on ASX.

Westpac CPS are being offered at an issue price of \$100 each to raise approximately \$750 million, with the ability to raise a greater or lesser amount.

Westpac CPS are fully paid, perpetual, convertible, unguaranteed and unsecured preference shares issued by Westpac, which will Convert into Westpac Ordinary Shares on 31 March 2020 (subject to certain conditions being satisfied) or be Transferred to a Nominated Party at the election of Westpac for \$100 (Face Value) each, unless they are Converted, Transferred or Redeemed earlier.

Westpac CPS qualify as Non-Innovative Residual Tier 1 Capital under APRA’s current prudential standards and will qualify for transitional treatment as Additional Tier 1 Capital under APRA’s Basel III capital adequacy framework.

Westpac’s Chief Financial Officer, Phil Coffey, said: “The issue of Westpac CPS will utilise existing hybrid Tier 1 capacity and will further add to Westpac’s capital resources, contributing approximately 26bps to Tier 1 capital”.

Holders of Westpac CPS will receive preferred, non-cumulative, floating rate Dividends, which are scheduled to be paid semi-annually, subject to a Dividend Payment Test. Dividends are expected to be fully franked. The Margin is expected to be between 3.20% and 3.50% per annum and will be set following a Bookbuild.

Eligible holders of Westpac Ordinary Shares and certain Westpac hybrid securities (Westpac TPS, Westpac SPS and/or Westpac SPS II), will be able to participate in the Offer. The Offer will also be available to Australian resident retail clients of Syndicate Brokers and certain Institutional Investors.

The Prospectus for the Westpac CPS Offer has been lodged with the Australian Securities and Investments Commission and ASX today and is available for download within Australia at [www.westpac.com.au/investorcentre](http://www.westpac.com.au/investorcentre). A replacement Prospectus containing the Margin will be made available when the Offer opens, which is expected to be on 24 February 2012. Application Forms will also be made available at this time.

The Closing Date for the Securityholder Offer is currently scheduled for 5.00pm (Sydney Time) on 19 March 2012. The Broker Firm Offer is currently scheduled to close at 10.00am (Sydney Time) on 22 March 2012.

Full details of the Offer, including who can apply and how to participate, are available in the Prospectus.

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

## **More Information**

For more information about the Offer visit [www.westpac.com.au/investorcentre](http://www.westpac.com.au/investorcentre) or call the Westpac CPS Information Line on 1300 790 223.

For media enquiries, please contact:

Paul Marriage  
Westpac Media Relations  
Ph: 02 8219 8512  
Mob: 0401 751 860

Investor Relations, please contact:

Andrew Bowden  
Westpac Investor Relations  
Ph: 02 8253 4008  
Mob: 0438 284 863

## More information about Westpac CPS

### Dividends

Dividends will be determined semi-annually as:

#### **(180 day Bank Bill Rate + Margin) x (1-Tax Rate)**

The Margin is expected to be within the range of 3.20%-3.50% per annum and will be determined following a Bookbuild.

Dividends are expected to be fully franked and accordingly Holders are expected to receive cash dividends and franking credits.

As an example, if:

- the potential value of the franking credits is taken into account in full; and
- the 180 day Bank Bill Rate on the issue date was 4.3633% per annum (the rate as at 13 February 2012); and
- the Margin was set at 3.20% per annum,

then the Dividend Rate for the semi-annual period would be calculated as 5.2943% per annum, which would be equivalent to an unfranked Dividend Rate of 7.5633% per annum.

If Dividends are not fully franked or if franking credits are disallowed, Holders would generally be entitled to receive a Gross-Up Amount, subject to the Dividend Payment Test.

The potential value of the franking credits does not accrue at the same time as Holders receive the cash dividend and a Holder's ability to use franking credits will depend on their individual tax position.

### Conversion, Transfer and Redemption features

On 31 March 2020 (the first possible Scheduled Conversion Date) Westpac CPS are expected to either:

- Convert into Westpac Ordinary Shares, subject to the Conversion Conditions being satisfied; or
- be Transferred to a Nominated Party at the election of Westpac for \$100 each (Face Value).

Westpac CPS must Convert if, at any stage, Westpac's Core Tier 1 Ratio falls to or below 5.125% on a Level 2 basis. This is a requirement of APRA's proposed new Basel III rules.

Westpac CPS may be Converted, Transferred or Redeemed earlier in certain circumstances, including on an Optional Conversion/Redemption Date (being any Dividend Payment Date falling on or after 31 March 2018).

Conversions or Redemptions at Westpac's election are subject to Westpac receiving APRA's prior written approval and, in respect of Conversions, to the Conversion Conditions being satisfied. Holders should not expect that APRA's prior written approval will be given.

### Eligible participants

Eligible Securityholders are registered holders of Westpac Ordinary Shares, Westpac TPS, Westpac SPS and/or Westpac SPS II at 7.00pm (Sydney Time) on 9 February 2012, shown on the register as having an address in Australia.

Australian retail clients of Syndicate Brokers as well as certain Institutional Investors may also participate.

## How to apply

Full details of the Offer are contained in the Prospectus. Investors should consider the Prospectus in full before deciding whether to invest in Westpac CPS. Investors who wish to apply for Westpac CPS will need to complete the Application Form that will be in, or will accompany, the Prospectus. Eligible Securityholders can also apply online.

Eligible Securityholders can register to receive a Prospectus online at [www.westpac.com.au/investorcentre](http://www.westpac.com.au/investorcentre) or by calling the Westpac CPS Information Line on 1300 790 223.

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

## Key Dates<sup>1</sup> for Westpac CPS

Record date for determining Eligible Securityholders (7.00pm)	9 February 2012
Offer announced and Prospectus lodged with ASIC	16 February 2012
Bookbuild	23 February 2012
Margin announced	24 February 2012
Replacement Prospectus lodged with ASIC	24 February 2012
Opening Date for Offer	24 February 2012
Closing Date for the Securityholder Offer (5:00pm)	19 March 2012
Closing Date for the Broker Firm Offer (10.00am)	22 March 2012
Issue Date	23 March 2012
Deferred settlement trading commences on ASX	26 March 2012
Holding Statements despatched by	2 April 2012
Normal settlement trading commences on ASX	3 April 2012
First Dividend Payment Date <sup>2</sup>	30 September 2012 <sup>3</sup>
First Optional Conversion/Redemption Date <sup>4</sup>	31 March 2018
Scheduled Conversion Date <sup>5</sup>	31 March 2020

Ends.

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<sup>1</sup> Dates are indicative only and are subject to change.

<sup>2</sup> Dividends are expected to be paid semi-annually, subject to the Dividend Payment Test.

<sup>3</sup> The first Dividend Payment Date is not a Business Day, accordingly the expected first Dividend Payment will be made on the next Business Day.

<sup>4</sup> Holders should not expect that APRA's prior written approval for any such Conversion or Redemption will be given.

<sup>5</sup> Conversion of Westpac CPS to Westpac Ordinary Shares on this date is subject to Conversion Conditions.