

# Media Release



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For Release: 27 August 2008

## ANZ launches Convertible Preference Shares Offer

Australia and New Zealand Banking Group Limited (ANZ) today lodged a Prospectus with the Australian Securities and Investments Commission (ASIC) for an offer of convertible preference shares (CPS) to raise A\$500 million with the ability to raise more or less (the Offer).

ANZ Group Treasurer Rick Moscati said: "The Offer forms part of ANZ's continuing capital management strategy and provides cost-effective hybrid capital for the bank whilst giving investors an attractive offering from a AA rated financial institution."

### Key Features of ANZ Convertible Preference Shares

- CPS are preference shares issued by ANZ, which will Convert into Ordinary Shares on 16 June 2014 (subject to certain conditions being satisfied), unless ANZ elects for a third party to purchase the CPS.
- Dividends on CPS are preferred, non-cumulative, based on a floating rate and expected to be fully or substantially franked. Dividends are scheduled to be paid quarterly in arrears, subject to the Payment Tests.
- The Dividend Rate will be calculated each quarter as the sum of the Bank Bill Rate plus the Margin, together multiplied by (1 – corporate tax rate (which is currently 30%)). The Margin will be determined following the Bookbuild (3 September 2008) and is expected to be in the range of 2.50% to 2.90%.
- On 16 June 2014, CPS Holders will receive a variable number of Ordinary Shares on Conversion unless the Mandatory Conversion Conditions are not satisfied or ANZ elects for a third party to purchase the CPS.
- The Mandatory Conversion Conditions are intended to provide protection to CPS Holders from receiving less than A\$102.56 worth of Ordinary Shares per CPS on Conversion based on the volume weighted average price (VWAP) of Ordinary Shares during the 20 Business Days before the Mandatory Conversion Date. ANZ may, with APRA's prior written approval, elect to Redeem CPS if any of the Mandatory Conversion Conditions are not satisfied.
- CPS may be Exchanged by ANZ at certain times before 16 June 2014 if an Acquisition Event, Tax Event or Regulatory Event occurs. CPS must, subject to APRA's prior written approval, be Exchanged if a Change of Control Event occurs.
- CPS have been assigned a credit rating of A+ by Standard & Poors and a provisional credit rating of Aa3 by Moody's.
- ANZ will apply for CPS to be quoted on the Australian Securities Exchange (ASX) and are expected to trade under ASX code 'ANZPB'.

...../2.

The Offer opens on 4 September 2008 and comprises:

- an ANZ Securityholder Offer, open to Australian and New Zealand resident holders of Ordinary Shares or ANZ StEPS;
- a General Offer, open to Australian and New Zealand residents who are neither an ANZ Securityholder Applicant, Broker Firm Applicant or Institutional Investor;
- a Broker Firm Offer, open to clients of Syndicate Brokers invited to participate through the Broker Firm Offer; and
- an Institutional Offer, open to investors that have been invited by the Joint Lead Managers to bid for CPS through the Institutional Offer.

The closing date for the ANZ Securityholder Offer and General Offer is currently scheduled to be at 5:00pm (Melbourne time) on 24 September 2008. The Broker Firm Offer is currently scheduled to close at 10:00am (Melbourne time) on 29 September 2008.

The ANZ CPS Prospectus has been lodged with ASIC and the ASX and is available for download within Australia and New Zealand at [www.anz.com/CPSOffer](http://www.anz.com/CPSOffer) or by calling the ANZ Information Line on 1800 113 399 (Australia), 0800 174 007 (New Zealand) or +61 3 9415 4010 (international). A replacement Prospectus, containing the Margin and with Application forms will be made available when the Offer opens on 4 September 2008. Applications may only be made using the application form attached to or accompanying the replacement Prospectus.

ANZ Securities, Citigroup, Commonwealth Securities, Deutsche Bank, E\*TRADE Australia, Goldman Sachs JB Were, JP Morgan, Macquarie Capital and UBS have been appointed as Joint Lead Managers on the transaction. Credit Suisse and ABN AMRO Morgans have been appointed as Co-Managers.

**For investor enquiries contact:**

**The ANZ Information Line on 1800 113 399 (Australia), 0800 174 007 (New Zealand) or +61 3 9415 4010 (international).**

For media enquiries only contact:

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| <b>Key dates for the Offer</b>                                                   |                                           |
|----------------------------------------------------------------------------------|-------------------------------------------|
| Lodgement of this Prospectus with ASIC                                           | 27 August 2008                            |
| Bookbuild to determine the Margin                                                | 3 September 2008                          |
| Announcement of the Margin and lodgement of the Replacement Prospectus with ASIC | 4 September 2008                          |
| Opening Date                                                                     | 4 September 2008                          |
| Closing Date for ANZ Securityholder Offer and General Offer                      | 5.00pm Melbourne time, 24 September 2008  |
| Closing Date for Broker Firm Offer                                               | 10.00am Melbourne time, 29 September 2008 |
| Issue Date                                                                       | 30 September 2008                         |
| CPS commence trading on ASX (deferred settlement basis)                          | 1 October 2008                            |
| Holding Statements despatched by                                                 | 3 October 2008                            |
| CPS commence trading on ASX (normal settlement basis)                            | 6 October 2008                            |
| First quarterly Dividend Payment Date                                            | 15 December 2008 <sup>1</sup>             |
| Mandatory Conversion Date                                                        | 16 June 2014 <sup>2</sup>                 |

The key dates and times for the Offer are indicative only and may change without notice.

Capitalised terms in this media release have the meaning given to them in the Prospectus.

<sup>1</sup> Dividends are scheduled to be paid at the end of each quarterly Dividend Period (on 15 March, 15 June, 15 September and 15 December each year) subject to the Payment Tests. If any of these scheduled dates are not Business Days, then the Dividend Payment Date will occur on the next Business Day.

<sup>2</sup> The Mandatory Conversion Date may be later than 16 June 2014, or may not occur at all, if the Mandatory Conversion Conditions are not satisfied, or if ANZ elects for a third party to purchase the CPS.



## ANZ CONVERTIBLE PREFERENCE SHARES (CPS)

### PROSPECTUS

FOR THE ISSUE OF ANZ CONVERTIBLE PREFERENCE SHARES (CPS)  
TO RAISE \$500 MILLION WITH THE ABILITY TO  
RAISE MORE OR LESS

#### ISSUER

Australia and New Zealand Banking Group Limited ABN 11 005 357 522

#### JOINT LEAD MANAGERS

ANZ Securities  
Citi  
CommSec

Deutsche Bank  
E\*TRADE Australia  
GSJBW

J.P.Morgan  
Macquarie  
UBS

#### CO-MANAGERS

ABN AMRO Morgans  
Credit Suisse

### ABOUT THIS PROSPECTUS

This Prospectus relates to the offer by Australia and New Zealand Banking Group Limited (ABN 11 005 357 522) (ANZ) of ANZ convertible preference shares (CPS) to raise \$500 million with the ability to raise more or less.

This Prospectus is dated 27 August 2008 and was lodged with the Australian Securities and Investments Commission (ASIC) and with the New Zealand Companies Office (NZCO) on that date. ASIC, ASX Limited (ASX) and NZCO take no responsibility for the contents of this Prospectus nor for the merits of the investment to which this Prospectus relates.

This Prospectus expires on the date which is 13 months after the date of the Prospectus (Expiry Date) and no CPS will be issued on the basis of this Prospectus after the Expiry Date.

### CPS ARE NOT DEPOSIT LIABILITIES OF ANZ

CPS are not deposit liabilities of ANZ and are not subject to the depositor protection provisions of Australian banking legislation or any depositor protection scheme in New Zealand. CPS are issued by ANZ under the CPS Terms and CPS Holders have no claim on ANZ except as provided in those CPS Terms. The investment performance of CPS is not guaranteed by ANZ. There are risks associated in investing in CPS – see Section 4.

### ANZ IS NOT A REGISTERED BANK IN NEW ZEALAND

ANZ is not a registered bank in New Zealand under the Reserve Bank of New Zealand Act 1989 (RBNZ Act). ANZ's New Zealand operations are conducted primarily through its subsidiary, ANZ National Bank Limited (ANZ National), which is a registered bank under the RBNZ Act. CPS are not deposit liabilities of ANZ National, ANZ National does not guarantee any of the obligations of ANZ in respect of the CPS or the investment performance of the CPS, and ANZ National does not take any responsibility for the contents of this Prospectus nor for the merits of the investment to which this Prospectus relates.

### DEFINED WORDS AND EXPRESSIONS

Some capitalised words and expressions used in this Prospectus have defined meanings. The Glossary in Appendix B defines these words and expressions.

The definitions specific to CPS are in clause 19.2 of the CPS Terms in Appendix A. If there is any inconsistency in definitions between the Prospectus and the CPS Terms, the definitions in clause 19.2 of the CPS Terms prevail.

A reference to time in this Prospectus is to Australian Eastern Standard Time (AEST) unless otherwise stated. A reference to \$, A\$, dollars and cents is to Australian currency unless otherwise stated. Unless otherwise stated, all figures have been rounded to two decimal places.

### SPECIAL CONSIDERATIONS FOR NEW ZEALAND INVESTORS

The Offer of CPS is being extended to New Zealand investors under the new mutual recognition regime applicable to public offers of securities in Australia and New Zealand. Any New Zealand investor considering this Offer should carefully read all parts of this Prospectus. There are also particular considerations for New Zealand investors, as described in various parts of this Prospectus, including in this Important Notice under "Information for New Zealand Investors", "Applying for CPS" – Section 2.2.1, "Provision of Tax File Number or Australian Business Number" – Section 2.6.4, "Dividends may not be fully franked" – Section 4.1.4, "New Zealand investors' currency risk" – Section 4.1.20, and "New Zealand tax consequences of investing in CPS" – Section 5.

### GOVERNING LAW

This Prospectus and the contracts which arise on acceptance of the Application Forms are governed by the law applicable in Victoria, Australia.

### EXPOSURE PERIOD

Under the Corporations Act, ANZ is prohibited from processing Applications in the seven day period after the date on which this Prospectus is lodged with ASIC.

This period is referred to as the Exposure Period and ASIC may extend this period by up to a further seven days (that is, up to a total of 14 days). The purpose of the Exposure Period is to enable the Prospectus to be examined by market participants before the raising of funds. Applications received during the Exposure Period will not be processed until after the expiry of the Exposure Period. No preference will be conferred on Applications received during the Exposure Period.

### HOW TO OBTAIN A PROSPECTUS AND APPLICATION FORM

During the Exposure Period, an electronic version of this Prospectus (without an Application Form) is available at [www.anz.com/CPSOffer](http://www.anz.com/CPSOffer). Application Forms will not be made available until after the Exposure Period. During the Offer Period, an electronic version of this Prospectus with an Application Form will be available at [www.anz.com/CPSOffer](http://www.anz.com/CPSOffer). If you access an electronic copy of this Prospectus, then you should read "Electronic access to Prospectus" below.

During the Offer Period, you can also request a free paper copy of this Prospectus and Application Form by calling the ANZ Information Line on 1800 113 399 (within Australia), 0800 174 007 (within New Zealand) or +61 3 9415 4010 (international) (Monday to Friday – 8:30am to 5:30pm AEST).

The Corporations Act prohibits any person from passing the Application Form on to another person unless it is attached to or accompanied by a printed copy of this Prospectus or the complete and unaltered electronic version of this Prospectus.

### ELECTRONIC ACCESS TO PROSPECTUS

The following conditions apply if this Prospectus is accessed electronically:

- you must download the entire Prospectus;
- your Application will only be considered where you have applied on an Application Form that was attached to or accompanied by a copy of the Prospectus; and
- the Prospectus is available electronically to you only if you are accessing and downloading or printing the electronic copy of the Prospectus in Australia or New Zealand.

### APPLICATIONS FOR CPS

Applications for CPS under this Prospectus may only be made during the Offer Period (although ANZ reserves the right to accept late Applications), and pursuant to an Application Form attached to or accompanying this Prospectus.

For information on who is eligible to apply for CPS under the Offer and how to make an Application – see Section 2.

### ASX QUOTATION AND ISSUE DATE

ANZ will apply for CPS to be quoted on ASX within 7 days of the date of this Prospectus. If ASX does not grant permission for CPS to be quoted within three months after the date of the Prospectus, CPS will not be issued and all Application Payments will be refunded (without interest) to Applicants as soon as practicable.

If CPS are accepted for quotation on ASX, ANZ will issue CPS on or about 30 September 2008.

It is not intended to list the CPS on New Zealand Exchange Limited or any other exchange, apart from ASX.

### PROVIDING PERSONAL INFORMATION

You will be asked to provide personal information to ANZ (directly or via its agents) if you apply for CPS. See Section 6.13 for information on how ANZ (and its agents) collect, hold and use this personal information.

### RESTRICTIONS IN FOREIGN JURISDICTIONS

For details of the foreign selling restrictions that apply to CPS in foreign jurisdictions see Section 6.12.

### NO REPRESENTATIONS OTHER THAN IN THIS PROSPECTUS

You should rely only on information in this Prospectus.

No person is authorised to provide any information or to make any representation in connection with the Offer that is not contained in this Prospectus. Any information or representation not contained in this Prospectus may not be relied upon as having been authorised by ANZ in connection with the Offer.

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

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

The Offer, and the information in this Prospectus, does not take into account your investment objectives, financial situation and particular needs (including financial and tax issues) as an investor. It is important that you read the entire Prospectus before making any decision to apply for CPS.

In particular, in considering whether to apply for CPS, it is important that you:

- consider the risk factors, including those that could affect CPS or the financial performance and position of ANZ – see Section 4;
- carefully consider these risk factors and other information in the Prospectus in light of your particular investment objectives, financial situation and particular needs (including financial and tax issues); and
- seek professional investment advice from your financial adviser or other professional adviser.

### DIAGRAMS

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

### ENQUIRIES

If you have any questions in relation to the Offer, please call the ANZ Information Line on 1800 113 399 (within Australia), 0800 174 007 (within New Zealand) or +61 3 9415 4010 (international) (Monday to Friday – 8:30am to 5:30pm AEST) or contact your Syndicate Broker or other professional adviser.

### GENERAL

This Offer to New Zealand investors is a regulated offer made under Australian and New Zealand law. In Australia, this is Chapter 8 of the Corporations Act 2001 and Regulations.<sup>1</sup>

In New Zealand, this is Part 5 of the Securities Act 1978 and the Securities (Mutual Recognition of Securities Offerings – Australia) Regulations 2008.

This Offer and the content of this Prospectus are principally governed by Australian rather than New Zealand law. In the main, the Corporations Act 2001 and Regulations (Australia) set out how the Offer must be made.

There are differences in how securities are regulated under Australian law. For example, the disclosure of fees for collective investment schemes is different under the Australian regime.

The rights, remedies, and compensation arrangements available to New Zealand investors in Australian securities may differ from the rights, remedies, and compensation arrangements for New Zealand securities.

Both the Australian and New Zealand securities regulators have enforcement responsibilities in relation to this Offer. If you need to make a complaint about this Offer, please contact the Securities Commission, Wellington, New Zealand. The Australian and New Zealand regulators will work together to settle your complaint.

The taxation treatment of Australian securities is not the same as for New Zealand securities.

If you are uncertain about whether this investment is appropriate for you, you should seek the advice of an appropriately qualified financial adviser.

### CURRENCY RISK

The Offer may involve a currency exchange risk. The currency for the CPS is not New Zealand dollars. The value of the CPS will go up or down according to changes in the exchange rate between that currency and New Zealand dollars. These changes may be significant.

If you expect the CPS to pay any amounts in a currency that is not New Zealand dollars, you may incur significant fees in having the funds credited to a bank account in New Zealand in New Zealand dollars.

### TRADING CPS

If the CPS are able to be traded on a securities market and you wish to trade the securities through that market, you will have to make arrangements for a participant in that market to sell the CPS on your behalf. If the securities market does not operate in New Zealand, the way in which the market operates, the regulation of participants in that market, and the information available to you about the CPS and trading may differ from securities markets that operate in New Zealand.

<sup>1</sup> This is the Chapter of the Corporations Act providing for offers to Australian investors of securities issued in New Zealand under the Securities Act 1978 pursuant to the mutual recognition regime. This Prospectus is prepared under Chapter 6D of the Corporations Act.

27 August 2008

Dear investors

On behalf of the board of Australia and New Zealand Banking Group Limited (ANZ), I am pleased to present you with an opportunity to invest in ANZ convertible preference shares (CPS). CPS are fully paid preference shares issued by ANZ, which will mandatorily convert into a variable number of ordinary shares of ANZ on 16 June 2014 (subject to certain conditions being satisfied) unless ANZ elects for a third party to purchase the CPS.

ANZ intends to issue CPS to raise \$500 million with the ability to raise more or less.

The offer of CPS forms part of ANZ's continuing capital management strategy which targets an efficient capital structure with respect to the amount, type, term and cost of capital issued by ANZ.

CPS provides investors, subject to the terms, with floating rate, quarterly, non-cumulative, preferred dividends which are expected to be fully or substantially franked. CPS have received an investment grade credit rating of A+ from Standard & Poor's and a provisional investment grade credit rating of Aa3 from Moody's. CPS are intended to be quoted on ASX. The key features of CPS are set out on page 5 of this prospectus.

The directors encourage you to read this prospectus carefully and consider in particular the risk factors set out in Section 4. If, after reading this prospectus, you have any questions about the offer or how to apply for CPS, please call the ANZ Information Line on 1800 113 399 (within Australia), 0800 174 007 (within New Zealand) or +61 3 9415 4010 (international) (Monday to Friday – 8:30am to 5:30pm AEST) or contact your broker or other professional adviser.

The key dates for the offer are summarised on page 4. The offer may close early, so you are encouraged to submit your application as soon as possible after the opening date.

On behalf of the board of ANZ, I invite you to consider this investment opportunity.

Yours faithfully



Charles Goode

CHAIRMAN

|            |                                       |                    |
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## KEY DATES

| KEY DATES FOR THE OFFER                                                          | DATE                         |
|----------------------------------------------------------------------------------|------------------------------|
| Lodgement of this Prospectus with ASIC                                           | 27 August 2008               |
| Bookbuild to determine the Margin                                                | 3 September 2008             |
| Announcement of the Margin and lodgement of the replacement prospectus with ASIC | 4 September 2008             |
| Opening Date                                                                     | 4 September 2008             |
| Closing Date for ANZ Securityholder Offer and General Offer                      | 5:00pm on 24 September 2008  |
| Closing Date for Broker Firm Offer                                               | 10:00am on 29 September 2008 |
| Issue Date                                                                       | 30 September 2008            |
| CPS commence trading on ASX (deferred settlement basis)                          | 1 October 2008               |
| Holding Statements despatched by                                                 | 3 October 2008               |
| CPS commence trading on ASX (normal settlement basis)                            | 6 October 2008               |
| First quarterly Dividend Payment Date <sup>2</sup>                               | 15 December 2008             |
| Mandatory Conversion Date <sup>3</sup>                                           | 16 June 2014                 |

### DATES MAY CHANGE

The key dates for the Offer are indicative only and may change without notice.

ANZ and the Joint Lead Managers may agree to vary the timetable, including extending any Closing Date, closing the Offer early without notice, or withdrawing the Offer at any time before CPS are issued. If the Offer is withdrawn before the issue of CPS, all Application Payments received by ANZ will be refunded (without interest) to Applicants as soon as possible after the withdrawal. Also, ASIC may extend the Exposure Period by up to seven days in which case the Opening Date and other dates may be varied accordingly without notice.

You are encouraged to apply as soon as possible after the Opening Date.

<sup>2</sup> Dividends are scheduled to be paid at the end of each quarterly Dividend Period (on 15 March, 15 June, 15 September and 15 December each year) subject to the Payment Tests. If any of these scheduled dates are not Business Days, then the Dividend Payment Date will occur on the next Business Day.

<sup>3</sup> The Mandatory Conversion Date may be later than 16 June 2014, or may not occur at all, if the Mandatory Conversion Conditions are not satisfied, or if ANZ elects for a third party to purchase the CPS – see Section 4.1.7.

This Prospectus contains information about the Offer by ANZ of CPS and you should read it in its entirety before deciding whether to apply for CPS.

CPS are preference shares issued by ANZ, which will Mandatorily Convert into Ordinary Shares (subject to certain conditions being satisfied). However, ANZ may elect for a third party to purchase the CPS (as described below) rather than delivering the Ordinary Shares issued on Conversion to the investor.

CPS are being offered as part of ANZ's capital management strategy, with the CPS proceeds being used for general corporate purposes.

- Dividends on CPS are preferred, non-cumulative, based on a floating rate and are expected to be fully or substantially franked. Dividends are scheduled to be paid quarterly in arrears, subject to the Payment Tests.
- The Dividend Rate will be calculated each quarter as the sum of the Bank Bill Rate plus the Margin, together multiplied by  $(1 - \text{Tax Rate})$ . The Margin will be determined following the Bookbuild.
- On 16 June 2014, CPS Holders will receive a variable number of Ordinary Shares on Conversion unless the Mandatory Conversion Conditions are not satisfied or ANZ elects for a third party to purchase the CPS.
- The Mandatory Conversion Conditions are intended to provide protection to CPS Holders from receiving less than approximately \$102.56 worth of Ordinary Shares per CPS on Conversion based on the average of the daily volume weighted average sale prices of Ordinary Shares sold on ASX during the 20 Business Days before the Mandatory Conversion Date<sup>4</sup>. ANZ may, with APRA's prior written approval, elect to Redeem CPS if any of the Mandatory Conversion Conditions are not satisfied.
- CPS may, subject where required to APRA's prior written approval, be Exchanged by ANZ at certain times before 16 June 2014 if an Acquisition Event, Tax Event or Regulatory Event occurs. CPS must, subject to APRA's prior written approval, be Exchanged if a Change of Control Event occurs.
- ANZ will apply for CPS to be quoted on ASX and are expected to trade under ASX code "ANZPB".
- CPS have been assigned an investment grade Issue Credit Rating of "A+" by Standard & Poor's and a provisional investment grade Issue Credit Rating of "Aa3" by Moody's.<sup>5</sup>
- On a winding-up of ANZ, CPS rank ahead of Ordinary Shares, equal with the preference shares comprised in the 2003 Trust Securities, the 2004 Trust Securities, the 2007 Stapled Securities and any other equal ranking instruments, but behind all senior ranking securities or instruments and all depositors and other creditors of ANZ.

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**There are risks associated with investing in CPS and in ANZ. The key risks are summarised in Section 1.7 and risks generally are explained in detail in Section 4.**

<sup>4</sup> This VWAP may differ from the Ordinary Share price on or after the Mandatory Conversion Date. This means that the value of Ordinary Shares received may be more or less than approximately \$102.56 when they are issued or thereafter.

<sup>5</sup> Any Issue Credit Rating of "BBB-" or higher from Standard & Poor's or "Baa3" or higher from Moody's is currently considered in capital markets to be investment grade – see Section 3.5 for further information about the credit ratings associated with CPS and Section 4.1.12 for risks associated with credit ratings. The above Issue Credit Ratings are current as at the date of this Prospectus, but may be revised, withdrawn or suspended by the relevant credit rating agency at any time. These Issue Credit Ratings are not a recommendation by the relevant credit rating agency to apply for CPS. Neither of Standard & Poor's nor Moody's has consented to the use of their credit rating references in this Prospectus and they are not liable for any statements in this Prospectus under section 729(1) of the Corporations Act.

### 1. READ THIS PROSPECTUS

Read this Prospectus in full, paying particular attention to the:

- important notices on the inside front cover;
- key features of CPS in Section 1;
- information about ANZ in Section 3;
- investment risks in Section 4; and
- CPS Terms in Appendix A.

### 2. CONSIDER AND CONSULT

Consider all risks and other information about CPS in light of your particular investment objectives and circumstances. Consult your financial adviser or other professional adviser if you are uncertain as to whether you should apply for CPS.

### 3. WHO MAY APPLY?

The Offer is only being made to:

- ANZ Securityholders who may apply under the ANZ Securityholder Offer;
- Members of the general public who are Australian or New Zealand residents who may apply under the General Offer;
- Clients of Syndicate Brokers who are invited to apply under the Broker Firm Offer; and
- Institutional Investors who were invited by the Joint Lead Managers to bid for CPS through the Bookbuild under the Institutional Offer.

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

### 4. WHO ARE ANZ SECURITYHOLDERS?

If you were a registered holder of Ordinary Shares with a registered address in Australia or New Zealand at 5:00 pm on 18 August 2008, or you were a registered holder of ANZ StEPS with a registered address in Australia or New Zealand at 5:00pm on 31 July 2008, you are an ANZ Securityholder.

If there is excess demand for CPS, priority will be given to ANZ Securityholder Applicants over Applications under the General Offer in the allocation of CPS.

ANZ will mail a postcard to each ANZ Securityholder.

### 5. COMPLETE THE APPLICATION FORM

If you have decided to apply for CPS, you need to apply pursuant to an Application Form attached to or accompanying this Prospectus, including any online Application Form. Application Forms will be available during the Offer Period. The Application process varies depending on whether you are an ANZ Securityholder Applicant, General Applicant or Broker Firm Applicant – see Section 2 for full details.

### 6. SUBMIT YOUR APPLICATION

If you are an ANZ Securityholder Applicant, your Application must be received by the Registry no later than the Closing Date for the ANZ Securityholder Offer, which is 5:00pm on 24 September 2008. You may submit your Application pursuant to a paper Application Form accompanied by an Application Payment using either cheque(s) and/or money order(s), or online by following the instructions at [www.anz.com/CPSOffer](http://www.anz.com/CPSOffer) and completing a BPAY® payment.

If you are a General Applicant, your Application must be received by the Registry no later than the Closing Date for the General Offer, which is 5:00pm on 24 September 2008. You may submit your Application pursuant to a paper Application Form accompanied by an Application Payment using either cheque(s) and/or money order(s), or online by following the instructions at [www.anz.com/CPSOffer](http://www.anz.com/CPSOffer) and completing a BPAY payment.

If you are a Broker Firm Applicant, your Application 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 10:00am on 29 September 2008. You must contact your Syndicate Broker for their instructions on how to submit your Broker Firm Offer Application.

The Offer may close early, so you are encouraged to submit your Application as soon as possible after the Opening Date.

For more information on applying for CPS – see Section 2. If you have any questions about the Offer or how to apply for CPS as an ANZ Securityholder Applicant or General Applicant, call the ANZ Information Line on 1800 113 399 (within Australia), 0800 174 007 (within New Zealand) or +61 3 9415 4010 (international) (Monday to Friday – 8:30am to 5:30pm AEST) or contact your broker or other professional adviser.

® Registered to BPAY Pty Ltd ABN 69 079 137 518



## ABOUT CPS

This Section is designed to provide information about the key features and risks of CPS.

Where indicated, more detailed information is provided in other Sections of this Prospectus.

**1.1 GENERAL**

- 1.1.1 Who is the issuer?
- 1.1.2 What are CPS?
- 1.1.3 What is the Issue Price?
- 1.1.4 What is the size of the Offer?
- 1.1.5 What is the purpose of the Offer?
- 1.1.6 What is the term of CPS?
- 1.1.7 How do CPS rank in relation to other ANZ instruments?
- 1.1.8 Will CPS be quoted on ASX?
- 1.1.9 What are the Issue Credit Ratings of CPS?

**1.2 DIVIDENDS**

- 1.2.1 What are Dividends?
- 1.2.2 How will the Dividend Rate be calculated?
- 1.2.3 How will the Dividend be calculated for each Dividend Period?
- 1.2.4 What is the impact of franking credits?
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- 1.2.6 When are the Dividend Payment Dates?
- 1.2.7 What are the Payment Tests?
- 1.2.8 What is the Distribution Restriction and when will it apply?

**1.3 MANDATORY CONVERSION**

- 1.3.1 What is Mandatory Conversion?
- 1.3.2 What is Resale?
- 1.3.3 When is the Mandatory Conversion Date?
- 1.3.4 What are the Mandatory Conversion Conditions?
- 1.3.5 What adjustments are made to account for changes to ANZ's capital?
- 1.3.6 How many Ordinary Shares will CPS Holders receive on Mandatory Conversion?
- 1.3.7 What can happen if the Mandatory Conversion Conditions are not satisfied?

**1.4 OPTIONAL EXCHANGE**

- 1.4.1 What is optional Exchange?
- 1.4.2 What are the requirements for Conversion to be elected as the Exchange Method?
- 1.4.3 What are the Optional Conversion Conditions?
- 1.4.4 What are the Conversion conditions on the Exchange Date?
- 1.4.5 Can CPS Holders request Exchange?

**1.5 EXCHANGE ON A CHANGE OF CONTROL EVENT**

- 1.5.1 What must ANZ do on a Change of Control Event?
- 1.5.2 What Exchange Method can be elected by ANZ on a Change of Control Event?
- 1.5.3 What are the requirements for Conversion as the Exchange Method?
- 1.5.4 What happens if Exchange does not occur?
- 1.5.5 What other obligations does ANZ have in connection with a takeover or scheme of arrangement?

**1.6 OTHER**

- 1.6.1 Can ANZ issue further CPS, preference shares or other instruments?
- 1.6.2 What voting rights do CPS carry?
- 1.6.3 Can ANZ amend the CPS Terms?
- 1.6.4 What is an Approved NOHC Event?

**1.7 POTENTIAL INVESTMENT RISKS**

- 1.7.1 Financial market conditions and liquidity
- 1.7.2 Dividends may not be paid
- 1.7.3 Dividends may not be fully franked
- 1.7.4 Changes in Dividend Rate
- 1.7.5 Mandatory Conversion may not occur
- 1.7.6 Ranking
- 1.7.7 ANZ's financial performance and position

| TOPIC                                                          | SUMMARY                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | WHERE TO FIND MORE INFORMATION         |
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| <b>1.1 GENERAL</b>                                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                                        |
| 1.1.1<br>Who is the issuer?                                    | <p>Australia and New Zealand Banking Group Limited (ABN 11 005 357 522) (<b>ANZ</b>).</p> <p>ANZ is one of the four major banking groups headquartered in Australia. ANZ began its Australian operations in 1835 and its New Zealand operations in 1840.</p> <p>ANZ provides a broad range of banking and financial products and services to retail, small business, corporate and institutional clients. ANZ conducts its operations primarily in Australia and New Zealand, with the remainder of ANZ's operations conducted across the Asia Pacific region and in a number of other countries including the United Kingdom and the United States.</p>                                                   | Section 3                              |
| 1.1.2<br>What are CPS?                                         | CPS are fully paid preference shares issued by ANZ, which will mandatorily Convert into Ordinary Shares on 16 June 2014 (subject to certain conditions being satisfied). However, ANZ may elect for a third party to purchase the CPS rather than delivering the Ordinary Shares issued on Conversion to the investor.                                                                                                                                                                                                                                                                                                                                                                                     | Clause 1.1 of the CPS Terms            |
| 1.1.3<br>What is the Issue Price?                              | \$100 per CPS.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | Clause 1.2 of the CPS Terms            |
| 1.1.4<br>What is the size of the Offer?                        | <p>The Offer is for the issue of CPS to raise \$500 million with the ability to raise more or less.</p> <p>Applications must be for a minimum of 50 CPS (i.e. \$5,000).</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | Section 2                              |
| 1.1.5<br>What is the purpose of the Offer?                     | The Offer is being made as part of ANZ's ongoing capital management strategy, with the CPS proceeds being used for ANZ's general corporate purposes.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                        |
| 1.1.6<br>What is the term of CPS?                              | CPS do not have a fixed maturity date. However, CPS Holders will receive Ordinary Shares on Conversion of the CPS on the Mandatory Conversion Date unless the Mandatory Conversion Conditions are not satisfied or Resale occurs.                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | Clause 4 of the CPS Terms              |
| 1.1.7<br>How do CPS rank in relation to other ANZ instruments? | <p>For the payment of Dividends, CPS rank ahead of Ordinary Shares and rank equal with the preference shares comprised in the 2003 Trust Securities, the 2004 Trust Securities, the 2007 Stapled Securities and any other equal ranking instruments, but behind all senior ranking securities and instruments, depositors and other creditors.</p> <p>On a winding-up of ANZ, CPS rank for payment ahead of Ordinary Shares, equal with the preference shares comprised in the 2003 Trust Securities, the 2004 Trust Securities, the 2007 Stapled Securities and any other equal ranking instruments, but behind all senior ranking securities and instruments and all depositors and other creditors.</p> | Clauses 10.1 and 10.2 of the CPS Terms |
| 1.1.8<br>Will CPS be quoted on ASX?                            | ANZ will apply for CPS to be quoted on ASX and are expected to trade under ASX code "ANZPB".                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Section 2.6.1                          |

| TOPIC                                              | SUMMARY                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | WHERE TO FIND MORE INFORMATION |                   |                 |                     |                                           |                          |                              |        |                                               |                          |                             |
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| 1.1 GENERAL (CONT)                                 |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                |                   |                 |                     |                                           |                          |                              |        |                                               |                          |                             |
| 1.1.9<br>What are the Issue Credit Ratings of CPS? | <p>CPS have been assigned an Issue Credit Rating of “A+” by Standard &amp; Poor’s and a provisional Issue Credit Rating of “Aa3” by Moody’s.</p> <p>Any Issue Credit Rating of “BBB-” or higher from Standard &amp; Poor’s or “Baa3” or higher from Moody’s is currently considered in capital markets to be investment grade.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | Sections 3.5 and 4.1.12        |                   |                 |                     |                                           |                          |                              |        |                                               |                          |                             |
| 1.2 DIVIDENDS                                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |                                |                   |                 |                     |                                           |                          |                              |        |                                               |                          |                             |
| 1.2.1<br>What are Dividends?                       | <p>Dividends on CPS are preferred, non-cumulative, based on a floating rate and expected to be fully or substantially franked. Accordingly, CPS Holders are expected to receive a combination of cash Dividends and franking credits. The value and availability of franking credits to a CPS Holder will differ depending on the CPS Holder’s particular tax circumstances. Each CPS Holder will only receive the benefit of the franking credits where those credits are able to be claimed in the CPS Holder’s tax return.</p> <p>New Zealand tax resident CPS Holders will not receive the benefit of franking credits attached to Dividends, as they are Australian credits.</p> <p>Dividends are scheduled to be paid quarterly in arrears on the Dividend Payment Dates, subject to the Payment Tests – see below.</p> <p>If any Dividend is not franked or only partially franked, ANZ will increase the amount of the Dividend to fully compensate for the unfranked component, subject to the Payment Tests.</p> <p>Dividends are non-cumulative. If a Dividend or part of a Dividend is not paid on a Dividend Payment Date, CPS Holders have no claim or entitlement in respect of non-payment nor any right to receive that Dividend at any later time (however, the Distribution Restriction may apply in this scenario – see Section 1.2.8).</p>               | Clause 3 of the CPS Terms      |                   |                 |                     |                                           |                          |                              |        |                                               |                          |                             |
| 1.2.2<br>How will the Dividend Rate be calculated? | <p>The Dividend Rate for each Dividend Period will be set on the first Business Day of each Dividend Period and will be calculated using the following formula:</p> <p><b>Dividend Rate</b> = (Bank Bill Rate + Margin) x (1 - Tax Rate) where:</p> <p><b>Bank Bill Rate</b> means the Bank Bill Rate on the first Business Day of the Dividend Period – see Section 1.2.5;</p> <p><b>Margin</b> is the margin as determined under the Bookbuild. The margin is expected to be in the range of 2.50% to 2.90%; and</p> <p><b>Tax Rate</b> is the Australian corporate tax rate applicable to the franking account of ANZ as at the relevant Dividend Payment Date. As at the date of this Prospectus, the relevant rate is 30%.</p> <p>As an example, assuming the Bank Bill Rate on the first Business Day of the Dividend Period is 7.2700% per annum and the Margin is 2.50% per annum, then the Dividend Rate for that Dividend Period will be calculated as follows:</p> <table><tr><td>Bank Bill Rate</td><td>7.2700% per annum</td></tr><tr><td>Plus the Margin</td><td>+ 2.5000% per annum</td></tr><tr><td><b>Equivalent unfranked dividend rate</b></td><td><b>9.7700% per annum</b></td></tr><tr><td>Multiplied by (1 – Tax Rate)</td><td>x 0.70</td></tr><tr><td><b>Indicative fully franked Dividend Rate</b></td><td><b>6.8390% per annum</b></td></tr></table> | Bank Bill Rate                 | 7.2700% per annum | Plus the Margin | + 2.5000% per annum | <b>Equivalent unfranked dividend rate</b> | <b>9.7700% per annum</b> | Multiplied by (1 – Tax Rate) | x 0.70 | <b>Indicative fully franked Dividend Rate</b> | <b>6.8390% per annum</b> | Clause 3.1 of the CPS Terms |
| Bank Bill Rate                                     | 7.2700% per annum                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                                |                   |                 |                     |                                           |                          |                              |        |                                               |                          |                             |
| Plus the Margin                                    | + 2.5000% per annum                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                                |                   |                 |                     |                                           |                          |                              |        |                                               |                          |                             |
| <b>Equivalent unfranked dividend rate</b>          | <b>9.7700% per annum</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                                |                   |                 |                     |                                           |                          |                              |        |                                               |                          |                             |
| Multiplied by (1 – Tax Rate)                       | x 0.70                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                |                   |                 |                     |                                           |                          |                              |        |                                               |                          |                             |
| <b>Indicative fully franked Dividend Rate</b>      | <b>6.8390% per annum</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                                |                   |                 |                     |                                           |                          |                              |        |                                               |                          |                             |

| TOPIC                                                                  | SUMMARY                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | WHERE TO FIND MORE INFORMATION         |                   |                               |            |                                                                      |      |                |       |                                                          |                 |                             |
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| 1.2 DIVIDENDS (CONT)                                                   |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                        |                   |                               |            |                                                                      |      |                |       |                                                          |                 |                             |
| 1.2.3<br>How will the Dividend be calculated for each Dividend Period? | <p>Dividends scheduled to be paid on each Dividend Payment Date will be calculated using the following formula:</p> $\text{Dividend} = \frac{\text{Dividend Rate} \times \text{Issue Price} \times N}{365}$ <p>where:</p> <p><b>Dividend Rate</b> means the rate (expressed as a percentage per annum) calculated as set out in Section 1.2.2 above;</p> <p><b>Issue Price</b> means \$100 per CPS; and</p> <p><b>N</b> means the number of days in the Dividend Period calculated as set out in the CPS Terms.</p> <p>As an example, if the fully franked Dividend Rate was 6.8390% per annum, then the Dividend on each CPS for that Dividend Period (if the Dividend Period was for 91 days) would be calculated as follows:</p> <table><tr><td>Indicative fully franked Dividend Rate</td><td>6.8390% per annum</td></tr><tr><td>Multiplied by the Issue Price</td><td>x \$100.00</td></tr><tr><td>Multiplied by the number of days in the Dividend Period<sup>6</sup></td><td>x 91</td></tr><tr><td>Divided by 365</td><td>÷ 365</td></tr><tr><td><b>Indicative fully franked Dividend payment per CPS</b></td><td><b>\$1.7051</b></td></tr></table> <p>The above example is for illustrative purposes only and does not indicate, guarantee or forecast the actual Dividend payable for any Dividend Period. Actual Dividends may be higher or lower than this example.</p> <p>The Dividend Rate for the first Dividend Period will be set on the Issue Date and will include the Margin as determined under the Bookbuild. For the purposes of calculating the first Dividend, there are 76 days in the first Dividend Period.</p> <p>Dividends will be paid in Australian dollars by direct credit into an Australian dollar account (excluding credit card accounts) of an Australian financial institution nominated by the CPS Holder or in any other manner determined by the Directors in accordance with the Constitution.</p> | Indicative fully franked Dividend Rate | 6.8390% per annum | Multiplied by the Issue Price | x \$100.00 | Multiplied by the number of days in the Dividend Period <sup>6</sup> | x 91 | Divided by 365 | ÷ 365 | <b>Indicative fully franked Dividend payment per CPS</b> | <b>\$1.7051</b> | Clause 3.1 of the CPS Terms |
| Indicative fully franked Dividend Rate                                 | 6.8390% per annum                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                                        |                   |                               |            |                                                                      |      |                |       |                                                          |                 |                             |
| Multiplied by the Issue Price                                          | x \$100.00                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                        |                   |                               |            |                                                                      |      |                |       |                                                          |                 |                             |
| Multiplied by the number of days in the Dividend Period <sup>6</sup>   | x 91                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |                                        |                   |                               |            |                                                                      |      |                |       |                                                          |                 |                             |
| Divided by 365                                                         | ÷ 365                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                        |                   |                               |            |                                                                      |      |                |       |                                                          |                 |                             |
| <b>Indicative fully franked Dividend payment per CPS</b>               | <b>\$1.7051</b>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |                                        |                   |                               |            |                                                                      |      |                |       |                                                          |                 |                             |
| 1.2.4<br>What is the impact of franking credits?                       | <p>Dividends are expected to be fully or substantially franked and, accordingly, CPS Holders are expected to receive a combination of cash Dividends and franking credits. The franking credits represent the CPS Holder’s share of tax paid by ANZ on the profits from which the cash Dividend is paid.</p> <p>If the potential value of the franking credits is taken into account in full, the fully franked Dividend Rate of 6.8390% in the example on Section 1.2.3 would be equivalent to an unfranked dividend rate of approximately 9.77%. However, CPS Holders should be aware that the potential value of any franking credits does not accrue at the same time as the receipt of any cash Dividend. CPS Holders should also be aware that the ability to use the franking credits, either as an offset to a tax liability or by claiming a refund after the end of the year of income, will depend on the individual tax position of each CPS Holder.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | Section 5                              |                   |                               |            |                                                                      |      |                |       |                                                          |                 |                             |

<sup>6</sup> Dividend Periods will generally contain 90-92 days with the exception of the first Dividend Period which will contain 76 days.

| TOPIC                                                   | SUMMARY                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | WHERE TO FIND MORE INFORMATION |
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| <b>1.2 DIVIDENDS (CONT)</b>                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                                |
| 1.2.4<br>What is the impact of franking credits? (cont) | <p>New Zealand tax resident CPS Holders will not receive the benefit of franking credits attached to Dividends, as they are Australian credits.</p> <p>CPS Holders should refer to the Taxation Summary in Section 5 and seek professional advice in relation to their tax position.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | Section 5 (cont)               |
| 1.2.5<br>What is the Bank Bill Rate?                    | <p>The Bank Bill Rate is a 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 market.</p> <p>The graph below illustrates the movement in the Bank Bill Rate over the last 10 years. The rate on 25 August 2008 was 7.2700% per annum.</p> <p><b>90 DAY BANK BILL RATE</b></p>  <p>The above example is for illustrative purposes only and does not indicate, guarantee or forecast the actual Bank Bill Rate. The actual Bank Bill Rate for the first and subsequent Dividend Periods may be higher or lower than this example.</p> | Clause 3.1 of the CPS Terms    |

| TOPIC                                                                 | SUMMARY                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | WHERE TO FIND MORE INFORMATION        |
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| <b>1.2 DIVIDENDS (CONT)</b>                                           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |                                       |
| 1.2.6<br>When are the Dividend Payment Dates?                         | <p>Subject to the Payment Tests, Dividends are payable quarterly in arrears on the Dividend Payment Dates. The first Dividend Payment Date is 15 December 2008.</p> <p>Subsequent Dividend Payment Dates occur on 15 March, 15 June, 15 September and 15 December each year, subject to adjustment for Business Days. If any of these dates are not Business Days, then the Dividend Payment Date will occur on the next Business Day.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | Clause 3.5 of the CPS Terms           |
| 1.2.7<br>What are the Payment Tests?                                  | <p>Dividends may not always be paid. The payment of each Dividend is subject to the following Payment Tests being satisfied:</p> <ul style="list-style-type: none"> <li>■ the Directors, at their absolute discretion, resolving to pay that Dividend;</li> <li>■ unless APRA otherwise approves in writing: <ul style="list-style-type: none"> <li>■ such payment of the Dividend does not result in the Prudential Capital Ratio or the Tier 1 Capital Ratio of ANZ (on a Level 1 basis) or of the ANZ Group (on a Level 2 basis or, if applicable, Level 3 basis) not complying with APRA's then current capital adequacy guidelines as they are applied to ANZ or the ANZ Group (as the case may be) at the time; and</li> <li>■ the amount of the Dividend does not exceed Distributable Profits;</li> </ul> </li> <li>■ such payment does not result in ANZ becoming, or likely to become, insolvent for the purposes of the Corporations Act; and</li> <li>■ APRA does not otherwise object to the payment of the Dividend.</li> </ul>                                                                                                                                                                               | Clauses 3.3 and 19.2 of the CPS Terms |
| 1.2.8<br>What is the Distribution Restriction and when will it apply? | <p>If for any reason a scheduled Dividend has not been paid in full within 21 Business Days of the relevant Dividend Payment Date, ANZ must not, subject to certain exceptions, without approval of a Special Resolution:</p> <ul style="list-style-type: none"> <li>■ declare or pay a dividend or make any distribution on any capital instruments of ANZ which rank equally with or junior to CPS for distributions; or</li> <li>■ redeem, buy back or reduce capital on any capital instruments of ANZ which rank equally with or junior to CPS for a return of capital in a winding-up,</li> </ul> <p>unless:</p> <ul style="list-style-type: none"> <li>■ consecutive Dividends scheduled to be payable on CPS on the Dividend Payment Dates falling during the 12 months after the Dividend Payment Date of the Dividend that has not been paid have been paid in full;</li> <li>■ with the prior written approval of APRA, an Optional Dividend has been paid to CPS Holders equal to the aggregate unpaid amount of any unpaid Dividends which were scheduled to be paid in the 12 months prior to the date of payment of the Optional Dividend; or</li> <li>■ all CPS have been Redeemed or Converted.</li> </ul> | Clauses 3.8 and 3.9 of the CPS Terms  |

| TOPIC                                                  | SUMMARY                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | WHERE TO FIND MORE INFORMATION     |
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| <b>1.3 MANDATORY CONVERSION</b>                        |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                                    |
| <b>1.3.1</b><br>What is Mandatory Conversion?          | <p>CPS Holders will receive Ordinary Shares on Conversion of the CPS on the earliest Mandatory Conversion Date unless the Mandatory Conversion Conditions are not satisfied or Resale occurs.</p> <p>Upon Conversion, CPS Holders will receive approximately \$102.56 worth of Ordinary Shares per CPS based on the VWAP of Ordinary Shares during the 20 Business Days before the Mandatory Conversion Date.<sup>7</sup></p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Clauses 4 and 7 of the CPS Terms   |
| <b>1.3.2</b><br>What is Resale?                        | <p>Resale can occur whether or not the Mandatory Conversion Conditions are satisfied. Before a possible Mandatory Conversion Date, ANZ may choose to arrange that all CPS on issue be acquired from CPS Holders by a third party (<b>Nominated Purchaser</b>) on the possible Mandatory Conversion Date. The obligation of the Nominated Purchaser to pay the purchase price may be subject to conditions. ANZ will reasonably endeavour to minimise these conditions but gives no assurance as to the details of any such conditions. This process is called Resale.</p> <p>If Resale is chosen by ANZ, CPS Holders will be notified and on the possible Mandatory Conversion Date they will receive \$100 from the Nominated Purchaser for each CPS rather than a variable number of Ordinary Shares issued by ANZ.</p> <p>If the Nominated Purchaser does not pay the purchase price to CPS Holders, the Resale of the relevant CPS will not occur, CPS will not Convert and CPS Holders will continue to hold CPS until CPS are otherwise Redeemed, Converted or Resold in accordance with the CPS Terms. If this occurs, ANZ may, subject to APRA's prior written approval, elect to Exchange all of the relevant CPS on issue no later than 45 Business Days after the possible Mandatory Conversion Date.</p> | Clauses 4.7 and 9 of the CPS Terms |
| <b>1.3.3</b><br>When is the Mandatory Conversion Date? | <p>The Mandatory Conversion Date is 16 June 2014 provided that all of the Mandatory Conversion Conditions are satisfied (see below).</p> <p>If any of the Mandatory Conversion Conditions are not satisfied with respect to 16 June 2014, then the Mandatory Conversion Date will be deferred until the next Dividend Payment Date in respect of which all of the Mandatory Conversion Conditions are satisfied.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Clause 4 of the CPS Terms          |

<sup>7</sup> The VWAP of Ordinary Shares during the 20 Business Days before the Mandatory Conversion Date that is used to calculate the number of Ordinary Shares that Holders receive may differ from the Ordinary Share price on or after the Mandatory Conversion Date. This means that the value of Ordinary Shares received may be more or less than approximately \$102.56 when they are issued or thereafter.

| TOPIC                                                  | SUMMARY                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | WHERE TO FIND MORE INFORMATION        |
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| <b>1.3 MANDATORY CONVERSION (CONT)</b>                 |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |                                       |
| 1.3.4<br>What are the Mandatory Conversion Conditions? | <p>The <b>Mandatory Conversion Conditions</b> are:</p> <p><b>First Mandatory Conversion Condition:</b> the VWAP of Ordinary Shares on the 25th Business Day before (or, if no trading in Ordinary Shares took place on that date, the first Business Day on which trading in Ordinary Shares took place before the 25th Business Day) but not including a possible Mandatory Conversion Date is greater than 56.00% of the Issue Date VWAP.</p> <p>The Issue Date VWAP means the VWAP of Ordinary Shares during the period of 20 Business Days on which trading in Ordinary Shares took place immediately preceding (but not including) the Issue Date, subject to certain adjustments.</p> <p><b>Second Mandatory Conversion Condition:</b> the VWAP of Ordinary Shares during the period of 20 Business Days before (but not including) a possible Mandatory Conversion Date (<b>Second Test Period</b>) is greater than 51.28% of the Issue Date VWAP. This condition partly satisfies one of the criteria that enables CPS to qualify as Non-innovative Residual Tier 1 Capital under APRA's capital adequacy guidelines, which require that the number of Ordinary Shares per CPS that CPS Holders are issued on Conversion may not be greater than the number determined using the following formula:</p> $\frac{\text{Issue Price}}{\text{Issue Date VWAP} \times 0.5}$ <p>This number is known as the <b>Maximum Conversion Number</b>.</p> <p>The Maximum Conversion Number is set to reflect a VWAP of 50% of the Issue Date VWAP. Setting the Second Mandatory Conversion Condition at 51.28% reflects this 50% limit adjusted for the 2.5% conversion discount.</p> <p>The First Mandatory Conversion Condition and the Second Mandatory Conversion Condition are intended to provide protection to CPS Holders from receiving less than approximately \$102.56 worth of Ordinary Shares per CPS on Conversion (based on the VWAP of Ordinary Shares during the 20 Business Days before the Mandatory Conversion Date)<sup>8</sup>.</p> <p><b>Third Mandatory Conversion Condition:</b> Ordinary Shares remain listed and admitted to trading on ASX, and trading of Ordinary Shares has not been suspended for at least 5 consecutive Business Days prior to a possible Mandatory Conversion Date and the suspension is continuing on the possible Mandatory Conversion Date.</p> <p>The Third Mandatory Conversion Condition is intended to provide protection to CPS Holders to enable them to sell the Ordinary Shares they receive on ASX if they wish to do so. See Section 4.1.1 regarding the risk of liquidity as it relates to Ordinary Shares.</p> | Clauses 4.3 and 19.2 of the CPS Terms |

<sup>8</sup> The VWAP of Ordinary Shares during the 20 Business Days before the Mandatory Conversion Date that is used to calculate the number of Ordinary Shares that Holders receive may differ from the Ordinary Share price on or after the Mandatory Conversion Date. This means that the value of Ordinary Shares received may be more or less than approximately \$102.56 when they are issued or thereafter.

| TOPIC                                                                                   | SUMMARY                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | WHERE TO FIND MORE INFORMATION       |
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| <b>1.3 MANDATORY CONVERSION (CONT)</b>                                                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                                      |
| 1.3.5<br>What adjustments are made to account for changes to ANZ's capital?             | The Issue Date VWAP, and consequently the Maximum Conversion Number, may be adjusted to reflect transactions affecting the capital of ANZ (including capital reconstructions, off market buy-backs, returns of capital and bonus and rights issues) as set out in the CPS Terms.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | Clauses 7.4 to 7.10 of the CPS Terms |
| 1.3.6<br>How many Ordinary Shares will CPS Holders receive on Mandatory Conversion?     | If CPS are Converted, CPS Holders will receive a number of Ordinary Shares per CPS that is equivalent to the number calculated using the following formula:<br>$\frac{\text{Issue Price}}{97.5\% \times \text{VWAP}}$                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              | Clause 7 of the CPS Terms            |
| 1.3.7<br>What can happen if the Mandatory Conversion Conditions are not satisfied?      | If any of the Mandatory Conversion Conditions are not satisfied, ANZ may (subject to APRA giving its prior written approval) Redeem all CPS for \$100 each. Otherwise, Conversion is deferred until the next Dividend Payment Date on which all the Mandatory Conversion Conditions are satisfied. Whether or not the Mandatory Conversion Conditions are satisfied, ANZ may arrange for CPS to be Resold (see further Section 1.3.2 above).                                                                                                                                                                                                                                                                                                                                       | Clauses 4.5 and 8 of the CPS Terms   |
| <b>1.4 OPTIONAL EXCHANGE</b>                                                            |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |                                      |
| 1.4.1<br>What is optional Exchange?                                                     | ANZ may choose to Exchange all or some CPS on issue after the occurrence of a Tax Event or Regulatory Event, and may choose to Exchange all (but not some only) CPS on issue after the occurrence of an Acquisition Event.<br>Exchange means:<br><ul style="list-style-type: none"> <li>■ subject to APRA's prior written approval, CPS may be Converted into a variable number of Ordinary Shares with a value (based on the VWAP during the 20 Business Days before the Exchange Date) of approximately \$102.56 per CPS provided certain conditions are satisfied (see below);</li> <li>■ subject to APRA's prior written approval, CPS may be Redeemed for \$100 per CPS;</li> <li>■ CPS may be Resold for \$100 per CPS; or</li> <li>■ a combination of the above.</li> </ul> | Clause 5 of the CPS Terms            |
| 1.4.2<br>What are the requirements for Conversion to be elected as the Exchange Method? | ANZ may not choose to Convert CPS under an optional Exchange unless, on the second Business Day before the an on which ANZ sends a notice advising CPS Holders that it wishes to Convert CPS (or, if trading in Ordinary Shares did not occur on that date, the last Business Day prior to that date on which trading in Ordinary Shares occurred) ( <b>Optional Conversion Test Date</b> ), both the Optional Conversion Conditions are satisfied (see Section 1.4.3).<br><br>Further, if ANZ has chosen to Convert CPS, ANZ may not proceed to Convert CPS unless, on the Exchange Date, certain further conditions are satisfied (see Section 1.4.4).                                                                                                                           | Clauses 5.4 and 5.5 of the CPS Terms |

| TOPIC                                                                             | SUMMARY                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | WHERE TO FIND MORE INFORMATION          |
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| <b>1.4 OPTIONAL EXCHANGE (CONT)</b>                                               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                         |
| 1.4.3<br>What are the Optional Conversion Conditions?                             | <p>The <b>Optional Conversion Conditions</b> are:</p> <p><b>First Optional Conversion Condition:</b> the VWAP of Ordinary Shares on the Optional Conversion Test Date is greater than 56.00% of the Issue Date VWAP; and</p> <p><b>Second Optional Conversion Condition:</b> Ordinary Shares remain listed and admitted to trading on ASX, and trading of Ordinary Shares has not been suspended for at least 5 consecutive Business Days prior to the Optional Conversion Test Date and remains suspended on the Optional Conversion Test Date.</p>                                                                                                                                                                                                                                | Clause 5.4 of the CPS Terms             |
| 1.4.4<br>What are the Conversion conditions on the Exchange Date?                 | <p>The Conversion conditions on the Exchange Date are that the Second Mandatory Conversion Condition and the Third Mandatory Conversion Condition must both be satisfied in respect of the Exchange Date as if the Exchange Date were a possible Mandatory Conversion Date.</p> <p>If the Conversion conditions on the Exchange Date are not satisfied, ANZ will notify CPS Holders and the Conversion will be deferred until the first Dividend Payment Date on which the Mandatory Conversion Conditions would be satisfied if that Dividend Payment Date were a possible Mandatory Conversion Date unless otherwise Exchanged in accordance with the CPS Terms.</p>                                                                                                              | Clause 5.5 of the CPS Terms             |
| 1.4.5<br>Can CPS Holders request Exchange?                                        | CPS Holders do not have a right to request Exchange.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | Clause 10.10(g) of the CPS Terms        |
| <b>1.5 EXCHANGE ON A CHANGE OF CONTROL EVENT</b>                                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                         |
| 1.5.1<br>What must ANZ do on a Change of Control Event?                           | Subject to APRA's prior written approval, ANZ must Exchange all CPS on issue if a Change of Control Event occurs.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | Clauses 6 of the CPS Terms              |
| 1.5.2<br>What Exchange Method can be elected by ANZ on a Change of Control Event? | <p>If a Change of Control Event occurs, ANZ must elect (by giving a Change of Control Exchange Notice) to do one of the following in relation to CPS, subject to APRA's prior written approval:</p> <ul style="list-style-type: none"> <li>■ Convert each CPS into a number of Ordinary Shares with a value of approximately \$102.56 (based on the VWAP during the 20 Business Days before the Exchange Date), provided certain conditions are satisfied (see below); or</li> <li>■ Redeem each CPS for \$100.</li> </ul> <p>ANZ will not be required to give a Change of Control Exchange notice to CPS Holders and, accordingly, will not be required to make this election if APRA does not approve Redemption and the conditions to electing Conversion are not satisfied.</p> | Clauses 6.3(c) and 6.4 of the CPS Terms |

| TOPIC                                                                                                 | SUMMARY                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | WHERE TO FIND MORE INFORMATION             |
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| <b>1.5 EXCHANGE ON A CHANGE OF CONTROL EVENT (CONT)</b>                                               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                            |
| 1.5.3<br>What are the requirements for Conversion as the Exchange Method?                             | <p>If ANZ has elected to Convert CPS as the Exchange Method on the occurrence of a Change of Control Event, ANZ may not proceed to Convert CPS unless, on the date on which Exchange is to occur (<b>Change of Control Exchange Date</b>), certain further conditions are satisfied.</p> <p>The Conversion conditions on the Change of Control Exchange Date are that the Second Mandatory Conversion Condition and the Third Mandatory Conversion Condition must both be satisfied in respect of the Change of Control Exchange Date as if the Change of Control Exchange Date were a possible Mandatory Conversion Date.</p> | Clause 6.5 of the CPS Terms                |
| 1.5.4<br>What happens if Exchange does not occur?                                                     | If ANZ is not required to give a Change of Control Exchange Notice or the conditions prevent Conversion, ANZ will, unless APRA does not approve Redemption and the conditions to electing Conversion are not satisfied, give a new Change of Control Exchange Notice which will specify either Redemption or Conversion (as elected by ANZ) as the Exchange Method for Exchange on the next Dividend Payment Date. This will be repeated until an Exchange occurs.                                                                                                                                                             | Clause 6.5 of the CPS Terms                |
| 1.5.5<br>What other obligations does ANZ have in connection with a takeover or scheme of arrangement? | On the occurrence of a recommended takeover or scheme of arrangement which would result in an Acquisition Event, if the Directors consider that APRA will not approve Exchange or the Second Mandatory Conversion Condition or Third Mandatory Conversion Condition will not be satisfied, the Directors will use all reasonable endeavours to procure that equivalent takeover offers are made to CPS Holders or that CPS Holders are entitled to participate in the scheme of arrangement or a similar transaction.                                                                                                          | Clause 12 of the CPS Terms                 |
| <b>1.6 OTHER</b>                                                                                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |                                            |
| 1.6.1<br>Can ANZ issue further CPS, preference shares or other instruments?                           | <p>ANZ reserves the right to issue further preference shares (including further CPS) or other instruments, or permit the conversion of shares to preference shares or other instruments, which rank behind, equal with or (to the maximum extent permitted by the Constitution) ahead of CPS, whether in respect of dividends, return of capital on a winding-up of ANZ or otherwise.</p> <p>CPS do not confer on CPS Holders any right to subscribe for new securities in ANZ, to participate in any bonus issues of shares in ANZ's capital or to participate in ANZ's dividend reinvestment or bonus option plans.</p>      | Clauses 10.3 and 10.12(b) of the CPS Terms |
| 1.6.2<br>What voting rights do CPS carry?                                                             | CPS Holders generally do not have voting rights, except in the limited circumstances described in the CPS Terms.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | Clause 11.2 of the CPS Terms               |
| 1.6.3<br>Can ANZ amend the CPS Terms?                                                                 | <p>Subject to complying with all applicable laws, and with APRA's prior written approval, ANZ may amend the CPS Terms without the consent of CPS Holders in certain circumstances.</p> <p>ANZ may also, with APRA's prior written approval, amend the CPS Terms if the amendment has been approved by a Special Resolution.</p>                                                                                                                                                                                                                                                                                                | Clause 16 of the CPS Terms                 |

| TOPIC                                                                                                                                                                                                                                                                                                               | SUMMARY                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | WHERE TO FIND MORE INFORMATION           |
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| <b>1.6 OTHER (CONT)</b>                                                                                                                                                                                                                                                                                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                          |
| 1.6.4<br>What is an Approved NOHC Event?                                                                                                                                                                                                                                                                            | <p>An Approved NOHC Event is an event that would otherwise be an Acquisition Event, except that:</p> <ul style="list-style-type: none"> <li>the event is initiated by the Directors, acting as a board, and would result in the ultimate holding company of ANZ becoming a “non-operating holding company” within the meaning of the Banking Act (NOHC);</li> <li>the ordinary shares of the NOHC are listed on ASX; and</li> <li>the NOHC assumes all of ANZ’s obligations to Convert the CPS into ordinary shares in the NOHC.</li> </ul> <p>If an Approved NOHC Event occurs, the CPS Terms may be amended to enable the substitution of the Approved NOHC as the issuer of ordinary shares on Conversion (including following the mandatory Conversion Date). The Approved NOHC will use all reasonable endeavours to procure quotation of all these shares at the time of Conversion.</p> <p>The occurrence of an Approved NOHC Event does not allow ANZ to elect to Exchange CPS nor does it entitle CPS to be Exchanged.</p> | Clauses 13, 16 and 19.2 of the CPS Terms |
| <b>1.7 POTENTIAL INVESTMENT RISKS</b>                                                                                                                                                                                                                                                                               |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                          |
| BEFORE DECIDING WHETHER TO APPLY FOR CPS, YOU SHOULD CONSIDER WHETHER CPS ARE A SUITABLE INVESTMENT FOR YOU. THERE ARE RISKS ASSOCIATED WITH INVESTING IN CPS AND IN ANZ. MANY OF THOSE RISKS ARE OUTSIDE THE CONTROL OF ANZ AND ITS DIRECTORS. A SUMMARY OF THE KEY RISKS WHICH ARE DETAILED IN SECTION 4 FOLLOWS. |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                          |
| 1.7.1<br>Financial market conditions and liquidity                                                                                                                                                                                                                                                                  | <p>The market price of CPS may change due to various factors that affect financial market conditions. It is possible that CPS may trade at a market price below their Issue Price of \$100.</p> <p>There may be no liquidity or an illiquid market for CPS. The market for CPS may be less liquid than the market for Ordinary Shares or comparable securities issued by ANZ or other entities. CPS Holders who wish to sell their CPS may be unable to do so at an acceptable price, or at all, if insufficient liquidity exists in the market for CPS.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Sections 4.1.1 and 4.1.2                 |
| 1.7.2<br>Dividends may not be paid                                                                                                                                                                                                                                                                                  | <p>There is a risk that Dividends will not be paid. If for any reason a scheduled Dividend has not been paid in full within 21 Business Days after the relevant Dividend Payment Date, then the Distribution Restriction will apply.</p> <p>The CPS Terms contain no events of default and, accordingly, a failure to pay a scheduled Dividend on CPS will not constitute an event of default. Further, in the event that ANZ does not pay a scheduled Dividend on CPS, a CPS Holder has no right to apply for ANZ to be wound up and will have no right of set-off or offsetting rights or claim on ANZ.</p>                                                                                                                                                                                                                                                                                                                                                                                                                       | Section 4.1.3                            |

| TOPIC                                                    | SUMMARY                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | WHERE TO FIND MORE INFORMATION |
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| <b>1.7 POTENTIAL INVESTMENT RISKS (CONT)</b>             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                |
| <b>1.7.3</b><br>Dividends may not be fully franked       | <p>ANZ expects Dividends to be fully or substantially franked. However, there is no guarantee that ANZ will have sufficient franking credits in the future to fully frank Dividends.</p> <p>If a Dividend is unfranked or partially franked, the Dividend will be increased to fully compensate for the unfranked component, subject to the Payment Tests.</p> <p>The value and availability of franking credits to a CPS Holder will differ depending on the CPS Holder's particular tax circumstances.</p> <p>New Zealand tax resident CPS Holders will not receive the benefit of franking credits attached to Dividends, as they are Australian credits.</p>                                                                    | Section 4.1.4                  |
| <b>1.7.4</b><br>Changes in Dividend Rate                 | The Dividend Rate will fluctuate (both increasing and decreasing) over time as a result of movements in the Bank Bill Rate. There is a risk that this rate may become less attractive when compared to the rates of return available on comparable securities.                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | Section 4.1.5                  |
| <b>1.7.5</b><br>Mandatory Conversion may not occur       | CPS are expected to Convert into Ordinary Shares on the Mandatory Conversion Date, unless ANZ requires CPS to be Resold. However, there is a risk that Conversion will not occur because the Mandatory Conversion Conditions are not satisfied due to a large fall in the Ordinary Share price relative to the Issue Date VWAP, or if Ordinary Shares cease to be quoted on ASX or have been suspended from trading for a certain period. Mandatory Conversion may therefore not occur when scheduled or at all.                                                                                                                                                                                                                    | Section 4.1.7                  |
| <b>1.7.6</b><br>Ranking                                  | <p>CPS are not deposit liabilities of ANZ and do not have the benefit of the depositor protection provisions of the Banking Act.</p> <p>CPS are issued by ANZ on the CPS Terms and CPS Holders have no claim on ANZ in respect of CPS except as provided in those CPS Terms. CPS are not secured.</p> <p>If ANZ is wound up, CPS Holders rank for payment behind all senior ranking securities and instruments and depositors and other creditors and rank equal with the preference shares comprised in the 2003 Trust Securities, the 2004 Trust Securities, the 2007 Stapled Securities and any other equal ranking instruments. On a winding-up there is a risk that CPS Holders will lose all or some of their investment.</p> | Section 4.1.11                 |
| <b>1.7.7</b><br>ANZ's financial performance and position | <p>The market price of CPS (and the Ordinary Shares into which they are expected to Convert) may be affected by ANZ's financial performance and position. For specific risks associated with an investment in ANZ, see Section 4.2.</p> <p>ANZ's financial performance and position may also affect the credit ratings associated with CPS, which may impact the market price and liquidity of CPS.</p>                                                                                                                                                                                                                                                                                                                             | Section 4.2                    |

**WHERE CAN I GET MORE INFORMATION?**

If you have any questions about the Offer or how to apply for CPS, call the ANZ Information Line on 1800 113 399 (within Australia), 0800 174 007 (within New Zealand) or +61 3 9415 4010 (international) (Monday to Friday – 8:30am to 5:30pm AEST) or contact your broker or other professional adviser.

## ABOUT THE OFFER

This Section sets out:

- who the Offer is made to;
- what you must do if you wish to apply for CPS;
- details of ASX quotation and trading; and
- other information relevant to the Offer and your Application.

## 2.1 OFFER

The Offer is for the issue of CPS to raise \$500 million with the ability to raise more or less.

There is no minimum amount to be raised by the Offer.

The Offer of CPS comprises:

- an ANZ Securityholder Offer made to ANZ Securityholder Applicants;
- a General Offer made to General Applicants;
- a Broker Firm Offer made to Broker Firm Applicants; and
- an Institutional Offer made to certain Institutional Investors.

This Prospectus does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make such an offer. As at the date of this Prospectus, no action has been taken to register or qualify CPS or the Offer or to otherwise permit a public offering of CPS outside Australia or New Zealand. This Prospectus does not constitute an offer of securities in the United States or to any US Persons, or to any person acting for the account or benefit of a US Person. CPS may be offered in a jurisdiction outside Australia or New Zealand where such offer is made in accordance with the laws of that jurisdiction – see Section 6.12.

For details of how to apply for CPS under the Offer – see Section 2.2.1.

### 2.1.1 Australian resident ANZ Securityholder Applicants and General Applicants

If you apply online, you will be required to pay for CPS using B<sub>PAY</sub> - see Section 2.3.1 for B<sub>PAY</sub> payment instructions.

B<sub>PAY</sub> is an electronic payment service that enables you to pay for your CPS directly from your cheque or savings account online through participating Australian banks, credit unions or building societies.

Please note that your bank, credit union or building society may impose a limit on the amount which you can transact on B<sub>PAY</sub> and payment cut-off times may vary between bank, credit union or building society. For more information, please see [www.bpay.com.au](http://www.bpay.com.au) or your own financial institution.

To apply using the blue paper ANZ Securityholder Application Form, or under the General Offer using the white paper Application Form, Application Payments must be in the form of cheque(s) and/or money order(s) drawn on an Australian dollar account of an Australian financial institution.

### 2.1.2 New Zealand resident ANZ Securityholder Applicants and General Applicants

To apply using the online Application Form at [www.anz.com/CPSOffer](http://www.anz.com/CPSOffer) you must have an Australian dollar account with an Australian financial institution from which to make the required B<sub>PAY</sub> payment. Please see Section 2.1.1 above for more information about B<sub>PAY</sub> and Section 2.3.1 for B<sub>PAY</sub> payment instructions.

To apply using the blue paper ANZ Securityholder Application Form, or under the General Offer using the white paper Application Form, Application Payments must be in the form of cheque(s) and/or money order(s) drawn on an Australian dollar account of an Australian financial institution.

## 2.2 OBTAINING A PROSPECTUS AND APPLICATION FORM

During the Exposure Period, an electronic version of this Prospectus (without an Application Form) is available at [www.anz.com/CPSOffer](http://www.anz.com/CPSOffer). Application Forms will not be made available until after the Exposure Period. During the Offer Period, an electronic version of this Prospectus with an Application Form will be available at [www.anz.com/CPSOffer](http://www.anz.com/CPSOffer) and may be available through your Syndicate Broker. If you access an electronic copy of this Prospectus, then you should read the paragraphs below and the “Electronic access to Prospectus” paragraph in the “Important Notices” section at the start of this Prospectus.

During the Offer Period, you can also request a free paper copy of this Prospectus and Application Form by calling the ANZ Information Line on 1800 113 399 (within Australia), 0800 174 007 (within New Zealand) or +61 3 9415 4010 (international).

The Corporations Act prohibits any person from passing the Application Form on to another person unless it is attached to, or accompanied by, a printed copy of this Prospectus or the complete and unaltered electronic version of this Prospectus.

Your Application will only be considered where you have applied pursuant to an Application Form (either electronic or paper) that was attached to, or accompanied by, a copy of this Prospectus, and have made your Application Payment.

## APPLYING FOR CPS

### 2.2.1 Overview

| WHO CAN APPLY FOR CPS?                                                                                                                                                                                                                                                                                             | HOW MANY CPS CAN YOU APPLY FOR?                                                                                                                                                                                                                                                                                                                                                                                                          | WHEN TO APPLY <sup>9</sup>                                                                                                                                                                                                                                                                                                                                                                               | HOW DO I APPLY ONLINE?                                                                                                                                                                                                                                                                                                                                                                                                                                                         | HOW DO I APPLY USING A PAPER APPLICATION FORM?                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>ANZ Securityholder Applicant</b> – that is, a holder of Ordinary Shares shown on the Register at 5:00pm on 18 August 2008 or a holder of ANZ StEPS shown on the Register at 5:00pm on 31 July 2008, in either case with an address in Australia or New Zealand – applying through the ANZ Securityholder Offer. | <p>Your Application must be for a minimum of 50 CPS (\$5,000).</p> <p>If your Application is for more than 50 CPS, then you must apply in incremental multiples of 10 CPS – that is, for incremental multiples of at least \$1,000.</p> <p>ANZ, in consultation with the Joint Lead Managers, reserves the right to reject any Application, or to allocate any ANZ Securityholder Applicant a lesser number of CPS than applied for.</p> | <p>Applications will only be accepted during the Offer Period, which will open on 4 September 2008.</p> <p>The Closing Date<sup>10</sup> for the ANZ Securityholder Offer is 5:00pm on 24 September 2008.</p> <p>Your completed personalised blue paper ANZ Securityholder Application Form or online Application Form and Application Payment must be received by the Registry by the Closing Date.</p> | <p>You can apply online at <a href="http://www.anz.com/CPSOffer">www.anz.com/CPSOffer</a>.</p> <p>Instructions on how to complete your Application are provided online.</p> <p>You will be asked to identify the holding that gives you the entitlement to apply by providing your SRN or HIN which can be found on your holding statement or payment advice.</p> <p>When applying on-line, you will be required to pay for CPS using B<sub>PAY</sub> – see Section 2.3.1.</p> | <p>You can request a paper copy of the Prospectus and your personalised blue ANZ Securityholder Application Form by calling the ANZ Information Line on 1800 113 399 (within Australia), 0800 174 007 (within New Zealand) or +61 3 9415 4010 (international).</p> <p>Instructions on how to complete your personalised blue paper ANZ Securityholder Application Form are set out on the Application Form.</p> <p>You will be required to pay for CPS by 24 September 2008. The method of payment may be either by cheque(s) and/or money order(s) – see Section 2.3.1. B<sub>PAY</sub> is not available for ANZ Securityholder Applicants using a personalised blue paper ANZ Securityholder Application Form.</p> <p>You will be required to post your completed personalised blue paper ANZ Securityholder Application Form to the Registry – see Section 2.2.2.</p> |
| <b>General Applicant</b> – that is a member of the general public who is an Australian or New Zealand resident – applying through the General Offer.<br><br>An ANZ Securityholder who does not use their personalised blue ANZ Securityholder Application Form will be a recorded as a General Applicant.          | <p>Your Application must be for a minimum of 50 CPS (\$5,000).</p> <p>If your Application is for more than 50 CPS, then you must apply in incremental multiples of 10 CPS – that is, for incremental multiples of at least \$1,000.</p> <p>ANZ, in consultation with the Joint Lead Managers, reserves the right to reject any Application, or to allocate any General Applicant a lesser number of CPS than applied for.</p>            | <p>Applications will only be accepted during the Offer Period, which will open on 4 September 2008.</p> <p>The Closing Date<sup>10</sup> for the General Offer is 5:00pm on 24 September 2008.</p> <p>Your completed white paper Application Form or online Application Form and Application Payment must be received by the Registry by the Closing Date.</p>                                           | <p>You can apply online at <a href="http://www.anz.com/CPSOffer">www.anz.com/CPSOffer</a>.</p> <p>Instructions on how to complete your Application are provided online.</p> <p>When applying on-line, you will be required to pay for CPS using B<sub>PAY</sub> – see Section 2.3.1.</p>                                                                                                                                                                                       | <p>There are white Application Forms contained in the back of this Prospectus that should be used by General Applicants. You can request a paper copy of the Prospectus and white Application Form by calling the ANZ Information Line on 1800 113 399 (within Australia), 0800 174 007 (within New Zealand) or +61 3 9415 4010 (international).</p> <p>Instructions on how to complete the white paper Application Form are set out on the Application Form.</p> <p>If applying using the white paper Application Form, you will be required to pay for CPS using cheque(s) and/or money order(s) – see Section 2.3.1. B<sub>PAY</sub> is not available for General Applicants using a white paper Application Form.</p> <p>You will be required to post your completed white Application Form to the Registry – see Section 2.2.2.</p>                                 |

<sup>9</sup> The key dates for the Offer are indicative only and may change without notice. ANZ and the Joint Lead Managers may agree to vary the timetable, including extending any Closing Date, closing the Offer early without notice, or withdrawing the Offer at any time before CPS are issued.

<sup>10</sup> The ANZ Securityholder Offer and General Offer have a different Closing Date to the Broker Firm Offer to allow sufficient time for the processing of cheques received with Applications made under the ANZ Securityholder Offer and General Offer.

## APPLYING FOR CPS

### 2.2.1 Overview

| WHO CAN APPLY FOR CPS?                                                                                                                                                                                                                                                               | HOW MANY CPS CAN YOU APPLY FOR?                                                                                                                                                                                                                                                                          | WHEN TO APPLY <sup>11</sup>                                                                                                                                                                                                                                                                                                                                                                        | HOW DO I APPLY?                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Broker Firm Applicant</b> – that is, a retail client of a Syndicate Broker – invited to participate through the Broker Firm Offer. <sup>12</sup>                                                                                                                                  | <p>Your Application must be for a minimum of 50 CPS (\$5,000).</p> <p>If your Application is for more than 50 CPS, then you must apply in incremental multiples of 10 CPS – that is, for incremental multiples of at least \$1,000.</p> <p>Your Syndicate Broker will inform you of your Allocation.</p> | <p>Applications will only be accepted during the Offer Period, which will open on 4 September 2008.</p> <p>The Closing Date<sup>10</sup> for the Broker Firm Offer is 10:00am on 29 September 2008.</p> <p>Your completed white Application Form and Application Payment must be received by your Syndicate Broker in accordance with arrangements made between you and your Syndicate Broker.</p> | <p>There are white Application Forms in the back of this Prospectus that should be used by Broker Firm Applicants.</p> <p>General instructions on how to complete the white Application Form are set out on the Application Form.</p> <p>You must contact your Syndicate Broker for their specific instructions on how to submit the white Application Form and your Application Payment to your Syndicate Broker.</p> <p>You must NOT return your white Application Form to the Registry.</p> <p>Your Syndicate Broker:</p> <ul style="list-style-type: none"> <li>■ must have received your completed white Application Form and Application Payment in time to arrange settlement on your behalf by the Closing Date for the Broker Firm Offer – being 10:00am on 29 September 2008; and</li> <li>■ will act as your agent in processing your white Application Form and providing your Application details and Application Payment to ANZ.</li> </ul> |
| <b>Institutional Investor</b> – that is, an investor who was invited by the Joint Lead Managers to bid for CPS in the Bookbuild and who is not an ANZ Securityholder Applicant, General Applicant or Broker Firm Applicant – applying through the Institutional Offer. <sup>12</sup> | Applications by Institutional Investors are subject to the terms and conditions of the Bookbuild and this Prospectus.                                                                                                                                                                                    | The Bookbuild is to be conducted on 3 September 2008.                                                                                                                                                                                                                                                                                                                                              | Application and settlement procedures for Institutional Investors will be advised by the Joint Lead Managers.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |

<sup>11</sup> The key dates for the Offer are indicative only and may change without notice. ANZ and the Joint Lead Managers may agree to vary the timetable, including extending any Closing Date, closing the Offer early without notice, or withdrawing the Offer at any time before CPS are issued.

<sup>12</sup> CPS may be offered in a jurisdiction outside Australia or New Zealand under the Institutional Offer or Broker Firm Offer where such offer is made in accordance with the laws of that jurisdiction – see Section 6.12.

### 2.2.2 Delivering paper Application Forms – ANZ Securityholder Offer and General Offer

If you are an ANZ Securityholder Applicant or you are a General Applicant and paying by cheque and/or money order, you must return your completed paper Application Form and Application Payment to the address below so that they are received by the Registry before the Closing Date, which is 5:00pm on 24 September 2008.

**by mail to the Registry:**

ANZ CPS Offer  
Computershare Investor Services Pty Limited  
GPO Box 52  
Melbourne VIC 8060  
Australia

Paper Application Forms and Application Payments will not be accepted at any other address or office without prior arrangements and will not be accepted at ANZ's registered office or any other ANZ office or branch.

## 2.3 HOW TO PAY

### 2.3.1 Overview

|                          | ONLINE                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | PAPER APPLICATION FORM                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
|--------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| ANZ Securityholder Offer | <p>If you apply using an online Application Form at <a href="http://www.anz.com/CPSOffer">www.anz.com/CPSOffer</a>, you must complete your Application by making a BPAY payment.</p> <p>Once you have completed your online Application Form, you will be given a BPAY biller code and customer reference number. Follow the BPAY instructions below to complete your Application. If you do not make a BPAY payment your Application will be incomplete and will not be accepted by ANZ.</p> <p>Using the provided BPAY details, you need to:</p> <ul style="list-style-type: none"> <li>■ access your participating BPAY financial institution either through telephone banking or internet banking;</li> <li>■ select BPAY and follow the prompts:               <ul style="list-style-type: none"> <li>■ enter the biller code supplied;</li> <li>■ enter the unique customer reference number supplied for each Application;</li> <li>■ enter the amount to be paid which corresponds to the number of CPS you wish to apply for under each Application (that is, a minimum of \$5,000–50 CPS and incremental multiples of \$1,000–10 CPS);</li> <li>■ select the account you wish your payment to be made from;</li> <li>■ schedule your payment for the same day that you complete your online Application Form since Applications without payment cannot be accepted; and</li> <li>■ record your BPAY receipt number and date paid. Retain these details for your records.</li> </ul> </li> </ul> <p>BPAY payments must be made from an Australian dollar account of an Australian financial institution.</p> <p>Your completed online Application Form and Application Payment must be received by the Registry by the Closing Date.</p> | <p>If you apply under the ANZ Securityholder Offer using a personalised blue paper ANZ Securityholder Application Form, your completed Application Form must be accompanied by an Application Payment in the form of cheque(s) and/or money order(s) drawn on an Australian dollar account of an Australian financial institution and made payable to 'ANZ CPS Offer'.</p> <p>Cheque(s) should be crossed 'Not Negotiable'. Cash payments will not be accepted.</p> <p>You cannot pay by BPAY if you apply under the ANZ Securityholder Offer using a personalised blue paper ANZ Securityholder Application Form. If you wish to pay by BPAY, you will need to make an online Application – see left.</p> <p>Your completed personalised blue ANZ Securityholder paper Application Form and Application Payment must be received by the Registry by the Closing Date.</p> |
| General Offer            | <p>If you apply using an online Application Form at <a href="http://www.anz.com/CPSOffer">www.anz.com/CPSOffer</a>, you must complete your Application by making a BPAY payment.</p> <p>Once you have completed your online Application Form, you will be given a BPAY biller code and unique customer reference number for your Application. Follow the BPAY instructions above to complete your Application. If you do not make a BPAY payment your Application will be incomplete and will not be accepted by ANZ.</p> <p>BPAY payments must be made from an Australian dollar account of an Australian financial institution.</p> <p>Your completed online Application Form and Application Payment must be received by the Registry by the Closing Date.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | <p>If you apply under the General Offer using a white paper Application Form, your completed Application Form must be accompanied by an Application Payment in the form of cheque(s) and/or money order(s) drawn on an Australian dollar account of an Australian financial institution and made payable to 'ANZ CPS Offer'.</p> <p>Cheque(s) should be crossed 'Not Negotiable'. Cash payments will not be accepted.</p> <p>You cannot pay by BPAY if you apply under the General Offer using a white paper Application Form. If you wish to pay by BPAY, you need to make an online Application – see left.</p> <p>Your completed white paper Application Form and Application Payment must be received by the Registry by the Closing Date.</p>                                                                                                                         |
| Broker Firm Offer        | <p>You must contact your Syndicate Broker for information on how to submit the white Application Form and your Application Payment to your Syndicate Broker. This may include an online application and payment facility.</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |

### 2.3.2 Brokerage and stamp duty

No brokerage or stamp duty is payable on your Application. You may have to pay brokerage, but will not have to pay any stamp duty, on any later sale of your CPS on ASX after CPS have been quoted on ASX.

### 2.3.3 Application Payments held on trust

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

### 2.3.4 Refunds

If you are not allotted any CPS or you are allotted fewer CPS than the number that you applied and paid for as a result of a scale back, all or some of your Application Payment (as applicable) will be refunded (without interest) as soon as possible after the Issue Date.

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

## 2.4 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 CPS. For information about the acknowledgements and privacy statement in relation to personal information that you provide to ANZ by completing an Application Form – see Section 6.13.

## 2.5 ALLOCATION POLICY

### 2.5.1 Overview

The Allocation policy for Syndicate Brokers and Institutional Investors will be determined under the Bookbuild – see Section 2.5.2. The Bookbuild Allocation will be agreed by the Joint Lead Managers and ANZ following completion of the Bookbuild.

Allocations for the ANZ Securityholder Offer and the General Offer will be determined by ANZ in consultation with the Joint Lead Managers after the Closing Date – as set out in Section 2.5.4. There is no specified proportion of the Offer that may be allocated to the ANZ Securityholder Offer or the General Offer. ANZ (at its discretion and in consultation with the Joint Lead Managers) reserves the right to scale back Applications from ANZ Securityholder Applicants and General Applicants. Any scale back will be announced on ASX on the day CPS commence trading on a deferred settlement basis – expected to be 1 October 2008.

### 2.5.2 Bookbuild

The Bookbuild is a process conducted by the Joint Lead Managers in consultation with ANZ before the Opening Date to determine the Margin and firm Allocations of CPS to Syndicate Brokers and Institutional Investors. In this process, the Syndicate Brokers (including the Joint Lead Managers and Co-Managers) and Institutional Investors are invited to lodge bids for a number of CPS. On the basis of those bids, the Joint Lead Managers and ANZ will, by mutual agreement, determine the Margin and firm Allocations to Syndicate Brokers and Institutional Investors. The Bookbuild will be conducted in the manner contemplated in this Prospectus and otherwise on the terms and conditions agreed by ANZ and the Joint Lead Managers in the Offer Management Agreement – see Section 6.6.

### 2.5.3 Settlement support

The Joint Lead Managers have agreed with ANZ to provide settlement support for the number of CPS that are Allocated to Syndicate Brokers (other than ANZ Securities and E\*TRADE Australia) and Institutional Investors under the Bookbuild. This means that if any of the Syndicate Brokers (other than ANZ Securities and E\*TRADE Australia) or Institutional Investors fail to deliver Applications including Application Payments to ANZ by the Settlement Date (which is one Business Day before the Issue Date), the Joint Lead Managers will be issued with and pay for those CPS.

Under the Offer Management Agreement, as part of this settlement support, the Joint Lead Managers will pay to ANZ, or procure payment to ANZ of, the aggregate proceeds raised from Syndicate Brokers (other than ANZ Securities and E\*TRADE Australia) 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 – see Section 6.6. If the Offer Management Agreement is terminated, Syndicate Brokers and Institutional Investors who participate in the Bookbuild can withdraw their firm Allocations. For details of the fees payable under the Offer Management Agreement – see Section 6.8.

#### 2.5.4 Allocations

|                                            |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
|--------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Institutional Offer                        | Allocations to Institutional Investors will be agreed by the Joint Lead Managers in consultation with ANZ.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| Broker Firm Offer                          | Allocations to Syndicate Brokers will be agreed by the Joint Lead Managers in consultation with ANZ. Allocations to Broker Firm Applicants by a Syndicate Broker are at the discretion of that Syndicate Broker.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| ANZ Securityholder Offer and General Offer | <p>ANZ Securityholder Applicants and General Applicants who submit a valid Application Form and Application Payment may receive an Allocation, subject to the right of ANZ in consultation with the Joint Lead Managers to determine the Allocations, when the Offer closes.</p> <p>If there is excess demand for CPS, priority will be given to ANZ Securityholder Applicants over General Applicants.</p> <p>ANZ, after consultation with the Joint Lead Managers, has absolute discretion to determine the method and extent of the priority Allocation.</p> <p>ANZ (at its discretion and in consultation with the Joint Lead Managers) and the Joint Lead Managers reserve the right to:</p> <ul style="list-style-type: none"> <li>■ allocate to any ANZ Securityholder Applicant or General Applicant all CPS for which they have applied;</li> <li>■ reject any Application by an ANZ Securityholder Applicant or a General Applicant; or</li> <li>■ allocate to any ANZ Securityholder Applicant or General Applicant a lesser number of CPS than that applied for, including less than the minimum Application of CPS or none at all.</li> </ul> <p>No assurance is given that any ANZ Securityholder Applicant or General Applicant will receive an Allocation.</p> |

## 2.6 ASX QUOTATION, HOLDING STATEMENTS AND OTHER INFORMATION

### 2.6.1 ASX quotation

ANZ will apply to ASX for CPS to be quoted on ASX. If ASX does not grant permission for CPS to be quoted within three months after the date of this Prospectus, CPS will not be issued and all Application Payments will be refunded (without interest) to Applicants as soon as practicable.

It is expected that CPS will begin trading on ASX on a deferred settlement basis on 1 October 2008 under ASX code "ANZPB". Trading is expected to continue on that basis until 6 October 2008, when it is anticipated that trading of CPS 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 CPS and before Holding Statements are despatched to successful Applicants.

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

You may call the ANZ Information Line on 1800 113 399 (within Australia), 0800 174 007 (within New Zealand) or +61 3 9415 4010 (international) (Monday to Friday – 8:30am to 5:30pm AEST) or your Syndicate Broker after the Issue Date to enquire about your Allocation.

### 2.6.2 Holding Statements

ANZ will apply for CPS to participate in CHESS. No certificates will be issued for CPS. ANZ expects that Holding Statements will be despatched to successful Applicants by 3 October 2008.

## 2.6 ASX QUOTATION, HOLDING STATEMENTS AND OTHER INFORMATION (CONT)

### 2.6.3 Provision of bank account details for Dividends

ANZ's current policy is that Dividends will be paid in Australian dollars by direct credit into nominated Australian financial institution accounts (excluding credit card accounts), for CPS Holders with a registered address in Australia. For all other CPS Holders, ANZ's current policy is that Dividends will be paid by Australian dollar cheque.

### 2.6.4 Provision of Tax File Number or Australian Business Number

If you are an ANZ Securityholder Applicant or a General Applicant who has not already quoted your TFN or ABN to the Registry and you are issued any CPS, then the Registry may contact you to obtain your TFN, ABN or both.

The collection and quotation of TFNs and ABNs is authorised, and their use and disclosure is strictly regulated, by tax laws and the Privacy Act.

You do not have to provide your TFN or ABN and it is not an offence if you fail to do so. However, in respect of CPS Holders who have a registered address in Australia, ANZ may be required to withhold Australian tax at the maximum marginal tax rate (currently 46.5% including the Medicare levy) on the amount of any Dividend unless you provide one of the following:

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

Successful Applicants who do not have an address in Australia registered with the Registry may be subject to Australian withholding tax on the amount of any Dividend paid, to the extent that the Dividend is not fully franked. In relation to successful Applicants tax resident in New Zealand, the applicable withholding tax rate is 15%. However ANZ expects to source any unfranked amount of the Dividend from its conduit foreign income, in which case no withholding tax would apply.

## 2.7 ENQUIRIES

### 2.7.1 ANZ Securityholder Applicants and General Applicants

You can call the ANZ Information Line on 1800 113 399 (within Australia), 0800 174 007 (within New Zealand) or +61 3 9415 4010 (international) (Monday to Friday – 8:30am to 5:30pm AEST) if you:

- have further questions on how to apply for CPS;
- require assistance to complete your Application Form;
- require additional copies of this Prospectus and Application Forms; or
- have any other questions about the Offer.

### 2.7.2 Broker Firm Applicants

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

**If you are unclear in relation to any matter relating to the Offer or are uncertain whether CPS are a suitable investment for you, you should consult your financial adviser or other professional adviser.**

**If you are a Broker Firm Applicant you should immediately contact your Syndicate Broker or other professional adviser.**

## ABOUT ANZ

This Section sets out:

- a description of ANZ's business including summary financial information;
- financial information demonstrating the effect of the Offer on ANZ;
- a description of ANZ's capital management initiatives and capital ratios; and
- information on the credit ratings relevant to the Offer.

## 3.1 OVERVIEW OF ANZ

### 3.1.1 Introduction

ANZ is one of the four major banking groups headquartered in Australia. ANZ began its Australian operations in 1835 and its New Zealand operations in 1840. ANZ is a public company limited by shares incorporated in Australia and was registered in Victoria, Australia on 14 July 1977. ANZ's registered office is located at Level 14, 100 Queen Street, Melbourne, Victoria, Australia. As at the close of trading on 25 August 2008, ANZ had a market capitalisation of approximately \$31.5 billion. ANZ's principal ordinary share listing and quotation is on the ASX. The ordinary shares are also quoted on the NZSX.

As at 31 March 2008, ANZ had total assets of \$438 billion and shareholders' equity of \$24 billion. ANZ currently has a long term credit rating of "AA" with Standard & Poor's and "Aa1" with Moody's (see Section 3.5 for further information concerning credit ratings).

ANZ provides a broad range of banking and financial products and services to retail, small business, corporate and institutional clients. ANZ conducts its operations primarily in Australia and New Zealand (approximately 91% of total assets (excluding loans to other ANZ Group companies) as at 31 March 2008 and 90% of revenues and 87% of cash profit (adjusted for non-core items) for the six months ended 31 March 2008 are related to these operations). The remainder of ANZ's operations is conducted across the Asia Pacific region and in a number of other countries including the United Kingdom and the United States. The principal activities of ANZ's divisions are outlined below, although as ANZ continuously reviews its business structure this is subject to change from time to time.

### 3.1.2 Personal

Personal is a division comprising Mortgages, Banking Products, Consumer Finance, Rural Commercial and Agribusiness Products, Small Business Banking Products, Esanda, Investment and Insurance Products, and a number of other areas, including the branch network and marketing and support costs in Australia.

- Mortgages provides housing finance to consumers in Australia for both owner occupied and investment purposes.
- Banking Products provides transaction banking and savings products, such as term deposits, V2+ and cash management accounts.
- Consumer Finance provides consumer and commercial credit cards, ePayment products, personal loans, merchant payment facilities in Australia and ATM facilities.
- Rural Commercial and Agribusiness Products provides a full range of banking services to personal customers and to small business and agribusiness customers in rural and regional Australia.
- Small Business Banking Products provides a full range of banking services for metropolitan-based small businesses in Australia.
- Esanda provides motor vehicle and equipment finance, operating leases and investment products.
- Investment and Insurance Products comprises ANZ Financial Planning, Margin Lending, insurance distribution and Trustees businesses in addition to E\*TRADE Australia, an online broking business.

### 3.1.3 Institutional

Institutional division provides a full range of financial services principally to Australian and New Zealand corporate and institutional customers globally. Institutional has a major presence in Australia and New Zealand and also has operations in Asia, Europe and the United States.

- Working Capital provides working capital solutions including lending and deposit products, cash transaction banking management, trade finance, international payments, securities lending and clearing and custodian services principally to institutional and corporate customers.
- Markets provides risk management services to corporate and institutional clients globally in relation to foreign exchange, interest rates, credit and commodities. This includes the business providing origination, underwriting, structuring and risk management services, advice and sale of credit and derivative products globally. Markets also manages ANZ's interest rate risk position.
- Business Banking provides a full range of banking services, including risk management, to metropolitan based small to medium sized business clients with a turnover of up to \$50 million.
- Relationship Lending manages the Institutional and Corporate balance sheets.
- Corporate Finance (excluding Relationship Lending) provides complex financing and advisory services, structured financial products, leasing, private equity finance, project finance, leveraged finance and infrastructure investment products to ANZ's global client set.

- Relationships & Infrastructure includes Institutional Banking, Financial Institutions and Corporate Banking. These units are ANZ's client relationship teams for its global Institutional and Financial Institutions customers, and its Corporate customers in Australia.

#### 3.1.4 New Zealand Businesses

New Zealand Businesses includes the following:

- National Bank Retail, a division of ANZ National operating under the National Bank brand in New Zealand, provides a full range of banking services to personal and business banking customers.
- ANZ Retail, a division of ANZ National operating under the ANZ brand in New Zealand, provides a full range of banking services to personal and business banking customers.
- Corporate & Commercial Banking incorporates the ANZ and National Bank brands and provides financial solutions through a relationship management model for medium-sized businesses with a turnover of up to NZ\$100 million.
- Rural Banking provides a full range of banking services to rural and agribusiness customers.
- Private Banking and Retail Specialist Units includes ANZ National's 49% stake in ING New Zealand, Private Banking operating under the ANZ and National Bank brands and Bonus Bonds.
- UDC provides motor vehicle and equipment finance and investment products.
- Central Support includes Treasury funding and shared services.

ANZ is not a registered bank in New Zealand under the RBNZ Act. ANZ's New Zealand operations are conducted primarily through its New Zealand subsidiary, ANZ National, which is a registered bank under the RBNZ Act.

#### 3.1.5 Asia Pacific

ANZ re-formed its Asia Pacific division in October 2007. The division provides a range of banking products and services to retail customers and institutional clients across 14 Asian countries and 12 Pacific countries. ANZ has operated on the ground in Asia since 1969 and in the Pacific since 1880.

The Asia Pacific division is divided into three geographic regions and three segments, and includes the following:

- North East Asia has responsibility for all ANZ's retail, institutional and partnerships business in China, Hong Kong, Taiwan, South Korea and Japan. Hong Kong is also the regional hub for ANZ's Institutional Asia business.
- South & South East Asia has responsibility for all ANZ's retail, institutional and partnerships business in Indonesia, India, Vietnam, Singapore, Cambodia, Laos, Malaysia, Thailand and Philippines. Singapore is also the regional hub for ANZ's Retail Asia business.
- Pacific has responsibility for all ANZ's retail and institutional business in American Samoa, Cook Islands, Fiji, Guam, Kiribati, Papua New Guinea, Samoa, Solomon Islands, Timor Leste, Tonga and Vanuatu, and a representative office in New Caledonia.
- Retail Asia includes ANZ's Personal banking business across the region.
- Wealth Asia includes the wealth management and investment and insurance products.
- Institutional Asia includes the trade finance, relationship lending, markets and corporate finance businesses in Asia.

#### 3.1.6 ING Australia joint venture

ANZ holds a 49% stake in ING Australia Ltd, as part of a joint venture between ANZ and the ING Group.

#### 3.1.7 Group Centre

Group Centre includes Operations, Technology & Shared Services, Group Treasury, Human Resources, Group Strategic Development, Group Financial Management, Group Risk Management, Group Items and Private Bank.

Private Bank specialises in assisting high net worth individuals and families to manage, grow and preserve their assets. The contribution of the Private Bank business in the Group Centre includes only sales commissions. Other revenue earned is recognised in Personal division.

## 3.2 FINANCIAL INFORMATION ABOUT ANZ

### 3.2.1 2007 Financial Year

ANZ's profit after tax for the year ended 30 September 2007 was \$4,180 million, as compared to \$3,688 million for the year ended 30 September 2006, representing an increase of 13%. Cash profit (adjusted for non-core items) was \$3,924 million, as compared to \$3,587 million for the year ended 30 September 2006, representing an increase of 9% and the cash profit before provisions and tax was \$6,114 million for the year ended 30 September 2007 as compared to \$5,484 million for the year ended 30 September 2006, representing an increase of 11%.

The dividend for the year ended 30 September 2007 was 136 cents per Ordinary Share (fully franked), representing a dividend payout ratio of 60.9% versus 125 cents per Ordinary Share (fully franked) for the year ended 30 September 2006 representing a dividend payout ratio of 62.6%.

Revenue growth of 10% (excluding non-core items) for the year ended 30 September 2007 was the highest in recent years. While operating expenses (excluding non-core items) increased 8%, from \$4,605 million to \$4,953 million, the cash cost to income ratio (adjusted for non-core items) fell 0.8% to 44.8%. The overall credit quality was strong, although as expected credit impairment expenses were up from unsustainably low levels in 2006.

### 3.2.2 2008 Interim Results

All growth rates for the half year ended 31 March 2008 are expressed relative to the half year ended 31 March 2007.

ANZ's profit after tax for the half year ended 31 March 2008 decreased from \$2,102 million to \$1,963 million, or 7% on the same half last year. Cash profit (adjusted for non-core items) decreased from \$1,936 million to \$1,674 million, or 14%, while cash profit before provisions and tax increased from \$2,995 million for the half year ended 31 March 2007 to \$3,335 million for the half year ended 31 March 2008, or 11%.

The 2008 interim dividend of 62 cents per Ordinary Share (fully franked) was unchanged on the 2007 interim dividend.

Revenue (excluding non-core items) increased from \$5,381 million to \$6,002 million, or 12% despite a difficult environment, while costs (excluding non-core items) increased from \$2,386 million to \$2,667 million, or 12%. The cash cost to income ratio (excluding non-core items) increased from 44.3% by 10 basis points to 44.4%. The provision for credit impairment charge of \$980 million was significantly higher, up \$740 million on the March 2007 half.

### 3.2.3 Historical Results

The profit information in Sections 3.2.1 and 3.2.2 is historical information and is not a forecast of results to be expected in future periods.

Since the announcement of the 2008 Interim Results, ANZ has announced in a Trading Update dated 28 July 2008 that, while the underlying business is performing well, cash profit after tax for the year ending 30 September 2008 is expected to fall compared to the year ended 30 September 2007, reflecting the impact of provisions.

### 3.2.4 Impact of the Offer on ANZ's consolidated balance sheet

The issue of the CPS will increase ANZ's Bonds and Note liabilities by \$500 million and increase ANZ's Liquid Assets by \$490 million and Other Assets by \$10 million, with no impact on ANZ's Net Assets or Shareholders Equity. Total Assets and Total Liabilities will increase by approximately 0.1%.

ANZ may raise more or less than \$500 million pursuant to the Offer and these figures will be impacted accordingly.

## 3.3 CAPITAL ADEQUACY

### 3.3.1 Prudential regulation

APRA is the prudential regulator of the Australian financial services industry. It oversees banks, credit unions, building societies, general insurance and reinsurance companies, life insurance companies, friendly societies, and most members of the superannuation industry. APRA's website at [www.apra.gov.au](http://www.apra.gov.au) includes further details of its functions and Prudential Standards.

ANZ is regulated by APRA because of its status as an ADI. APRA's Prudential Standards aim to ensure that ADIs (including ANZ) remain adequately capitalised to support the risks associated with their activities.

ANZ must also comply with Basel II which is the common name for a framework issued by the Bank of International Settlements' Basel Committee on Banking Supervision for the calculation of capital adequacy for banks worldwide. The objective of the Basel II framework is to develop capital adequacy guidelines that are more accurately aligned with the individual risk profile of banks. The Basel II framework is based on three "pillars":

- Pillar one covers the capital requirements for banks;
- Pillar two covers the supervisory review process; and
- Pillar three relates to market disclosure.

Following APRA's adoption of the Basel II framework, ANZ sought and has been granted accreditation from APRA to use the Advanced Internal Ratings Based methodology for credit risk and the Advanced Management Approach for operational risk.

The effect of the Offer on ANZ's capital adequacy ratio is set out in Section 3.3.5.

### 3.3.2 Prudential capital classification

APRA classifies an ADI's regulatory capital into two tiers for its supervisory purposes – referred to as Tier 1 Capital and Tier 2 Capital.

Tier 1 Capital consists of Fundamental Tier 1 Capital and Residual Tier 1 Capital (divided into innovative and non-innovative) less Tier 1 deductions. Fundamental Tier 1 Capital includes paid up ordinary shares, general reserves and retained earnings, together with minority interests, but excludes retained earnings and reserves of subsidiaries and associates that are not consolidated for capital adequacy purposes, and expected dividend payments that have yet to be accrued in the financial statements.

APRA has provided confirmation that CPS will, once issued, qualify for Non-innovative Residual Tier 1 Capital treatment under current Prudential Standards at the date of this Prospectus.

### 3.3.3 Capital management strategy

ANZ pursues an active approach to capital management. This involves ongoing review of the level and composition of ANZ's capital base, assessed against a range of objectives including maintaining:

- Regulatory compliance, particularly those required by APRA, RBNZ and the US Federal Reserve;
- An appropriate level of capital to meet the risks in the business as measured by ANZ's economic capital methodology;
- A long term "AA" credit rating category for senior debt (refer also Section 3.5);
- Sufficient capital to meet strategic and business development plans; and
- An appropriate balance between maximising shareholder returns and prudent capital management principles.

ANZ maintains an economic capital methodology which identifies a range of risk categories including: credit risk, operating risk, interest rate risk, basis risk, mismatch risk, investment risk and trading risk.

### 3.3.4 Capital management initiatives

In the period between 31 March 2008 and the launch of this Offer, ANZ's main capital management initiatives have included:

- The re-investment of the 2008 interim dividend was underwritten, which raised \$703 million in Ordinary Shares on 1 July 2008; and
- Advising ANZ StEPS holders that their securities will be converted to Ordinary Shares on 15 September 2008 with the price set via a 20 day vwap pricing period commencing 18 August 2008 less a 2.5% discount. This will convert \$1 billion of Innovative Tier 1 Capital into \$1 billion of Ordinary Shares (being Fundamental Tier 1 Capital).

### 3.3.5 Pro forma consolidated capital adequacy position as at 31 March 2008

ANZ's summarised consolidated capital management report set out below is derived from supplementary information included in the consolidated financial report and dividend announcement for the half year ended 31 March 2008. This information is not subject to KPMG's review opinion.

The purpose of the pro forma capital management report is to present ANZ's regulatory capital adequacy position as at 31 March 2008 adjusted for the effect of the issue of ANZ CPS pursuant to the Offer. The first column presents the summarised consolidated regulatory capital position of ANZ as at 31 March 2008 and the second column reflects the impact of the pro forma adjustments as a result of the issue of CPS pursuant to the Offer.

## ANZ SUMMARISED CONSOLIDATED REGULATORY CAPITAL POSITION AS AT 31 MARCH 2008

| (\$ million)                                      | ANZ<br>31 March 2008 <sup>1</sup> | Pro forma<br>adjustments <sup>2</sup> | Pro forma<br>ANZ <sup>2,3</sup> |
|---------------------------------------------------|-----------------------------------|---------------------------------------|---------------------------------|
| <b>TIER 1</b>                                     |                                   |                                       |                                 |
| Shareholders' equity and outside equity interests | 23,964                            |                                       | 23,964                          |
| Prudential adjustments to shareholders' equity    | (1,827)                           |                                       | (1,827)                         |
| <b>FUNDAMENTAL TIER 1 CAPITAL</b>                 | <b>22,137</b>                     |                                       | <b>22,137</b>                   |
| Innovative Tier 1 Capital                         | 3,072                             |                                       | 3,072                           |
| Non-Innovative Tier 1 Capital                     | 981                               | 500                                   | 1,481                           |
| Tier 1 Capital Deductions                         | (7,882)                           | (10)                                  | (7,892)                         |
| <b>TIER 1 CAPITAL</b>                             | <b>18,308</b>                     | <b>490</b>                            | <b>18,798</b>                   |
| <b>TIER 2</b>                                     |                                   |                                       |                                 |
| Upper Tier 2                                      | 938                               |                                       | 938                             |
| Subordinated Notes                                | 9,093                             |                                       | 9,093                           |
| Tier 2 Capital Deductions                         | (1,354)                           |                                       | (1,354)                         |
| <b>TIER 2 CAPITAL</b>                             | <b>8,677</b>                      |                                       | <b>8,677</b>                    |
| <b>TOTAL REGULATORY CAPITAL</b>                   | <b>26,985</b>                     | <b>490</b>                            | <b>27,475</b>                   |
| <b>RISK WEIGHTED ASSETS</b>                       | <b>267,486</b>                    |                                       | <b>267,486</b>                  |
| <b>CAPITAL ADEQUACY RATIOS</b>                    |                                   |                                       |                                 |
| Tier 1                                            | 6.9%                              |                                       | 7.0%                            |
| Tier 2                                            | 3.2%                              |                                       | 3.2%                            |
| <b>TOTAL</b>                                      | <b>10.1%</b>                      |                                       | <b>10.2%</b>                    |

## NOTES:

1 ANZ's capital adequacy position as at 31 March 2008.

2 Tier 1 Capital Deductions are \$10 million, being the estimated costs of the Offer. If there is over or under subscription for CPS, the Non-Innovative Tier 1 Capital Deductions, Tier 1 Capital balance, Tier 1 Capital balance and the Tier 1 Capital Adequacy Ratio in the Pro forma adjustments and Pro forma ANZ columns will be adjusted by the amount of the oversubscription, net of transaction costs.

3 ANZ's capital adequacy ratios will have also been impacted by the capital initiatives identified in Section 3.3.4 along with organic capital growth, changes in provisions and Risk Weighted Assets growth since 31 March 2008.

### 3.4 FUNDING AND LIQUIDITY

ANZ's liquidity and funding risks are governed by a detailed policy framework which is approved by the Board of Directors. The management of the liquidity and funding positions and risks are overseen by the Group Asset and Liability Committee (GALCO). In addition to the policy framework, ANZ maintains a Liquidity Crisis Contingency Plan, which details the identification, escalation and management procedures in the event of a liquidity crisis.

ANZ manages liquidity and funding risk using various reporting and modelling techniques, including but not limited to:

- Crisis scenario modelling: ANZ requires that it remains cash flow positive under a stressed "name-crisis" scenario, whereby a proportion of deposits are assumed to be withdrawn by customers and ANZ's access to wholesale capital markets is severely restricted. The modelling assumptions are discussed and agreed with APRA.
- Normal Business Conditions scenario modelling: ANZ monitors its expected liquidity position under normal conditions, based on statistical modelling of balance sheet behaviour.
- Liquid Asset Portfolio: ANZ's liquidity and funding risk is reduced through the holding of a portfolio of highly liquid assets. In a market stress event, these assets are pledgeable securities with the RBA and other central banks for cash.
- Wholesale Funding Maturity Concentration Limits: To ensure that ANZ's wholesale funding requirements are not overly reliant on large issuance over a short period of time, maturity concentration limits are used. These limits require funding to be issued for an appropriate and well diversified duration.

ANZ strictly observes its prudential obligations in relation to liquidity and funding risk as required by APRA Prudential Standard APS210, as well the prudential requirements of overseas regulators on ANZ's offshore operations.

ANZ targets a range of sources of funding, and aims to diversify in relation to tenor, currency and investor market. The monitoring of internal balance sheet metrics, ensure that a high proportion of the funding is sourced from both "sticky" customer deposits and long term wholesale funding.

During the current global credit market crisis, ANZ has continued to access all required wholesale funding in both the short term and long term markets. Consistent with other domestic and offshore banks, the cost of term wholesale funding has increased relative to previous years.

### 3.5 CREDIT RATINGS

ANZ and CPS have been rated by Standard & Poor's and Moody's. Those ratings that are current at the date of this Prospectus and are relevant to the Offer are as follows:

| CREDIT RATING TYPE             | STANDARD & POOR'S | MOODY'S           |
|--------------------------------|-------------------|-------------------|
| CPS – Issue Credit Ratings     | A+                | Aa3 (provisional) |
| ANZ – Long-term credit ratings | AA                | Aa1               |

An Issue Credit Rating was issued in respect of the CPS by Standard & Poor's on 25 July 2008 and a provisional Issue Credit Rating was issued in respect of the CPS by Moody's on 23 July 2008. The final Moody's Issue Credit Rating of CPS will be the same as the provisional Issue Credit Rating so long as no material changes occur to the CPS Terms.

ANZ's long-term credit ratings were affirmed by Standard & Poor's on 29 July 2008 and by Moody's on 30 July 2008. The rating outlook from both ratings agencies was "Outlook Stable". 'Outlook Stable' means that the rating is not likely to change in the near term.

These credit rating references are current but may be revised, withdrawn or suspended by the relevant credit rating agency at any time. These credit rating references are not a recommendation by the relevant credit rating agency to apply for CPS offered under this Prospectus. Neither Standard & Poor's nor Moody's have consented to the use of their credit rating references in this Prospectus and they are not liable for any statements in this Prospectus under section 729(1) of the Corporations Act.

For a description of what each of these ratings mean, see Sections 3.5.1 and 3.5.2 below.

Ratings are statements of opinion, not statements of fact or recommendations to buy, hold or sell any securities (including CPS). Ratings may be changed, withdrawn or suspended at any time.

As at the date of this Prospectus, ANZ has not approached any other ratings agency for a rating of CPS.

### 3.5.1 CPS – Issue Credit Ratings

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.

#### Standard & Poor's

Issues rated “BBB-” or higher by Standard & Poor's are generally considered in capital markets to be investment grade. CPS have been assigned an Issue Credit Rating of “A+” by Standard & Poor's and will therefore be investment grade once issued. An obligation rated “A” 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.

Standard & Poor's 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.

#### Moody's

Issues rated “Baa3” or higher by Moody's are generally considered in capital markets to be investment grade. CPS have been assigned a provisional Issue Credit Rating of “Aa3” by Moody's and are therefore expected to be investment grade once issued. Obligations rated “Aa” are judged to be of high quality 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.

### 3.5.2 ANZ long-term credit ratings

A long-term credit rating is a current opinion of an obligor's overall financial capacity to pay its financial obligations (that is, its creditworthiness).

#### Standard & Poor's

The Standard & Poor's long-term credit rating for ANZ is “AA”. An obligation rated “AA” differs from the highest-rated obligations only to a small degree. According to Standard & Poor's, a credit rating of “AA” means that the obligor's capacity to meet its financial commitment on the obligation is very strong.

#### Moody's

The Moody's long-term credit rating for ANZ is “Aa1”. According to Moody's, obligations rated “Aa1” are judged to be of high quality and are subject to very low credit risk, and that the obligation ranks in the higher end of the “Aa” rating category.

## INVESTMENT RISKS

This Section describes some of the potential risks associated with an investment in CPS and in ANZ.

The selection of risks has been based on an assessment of a combination of the probability of the risk occurring and impact of the risk if it did occur. This assessment is based on the knowledge of the Directors as at the date of this Prospectus and there is no guarantee or assurance that the importance of different risks will not change or other risks emerge.

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

## 4.1 RISKS ASSOCIATED WITH INVESTING IN CPS

### 4.1.1 Liquidity

There may be no liquid market for CPS. The market for CPS may be less liquid than the market for Ordinary Shares or comparable securities issued by ANZ or other entities. CPS Holders who wish to sell their CPS may be unable to do so at an acceptable price, or at all, if insufficient liquidity exists in the market for CPS.

CPS will Convert into Ordinary Shares on 16 June 2014 (subject to certain conditions being satisfied). However, ANZ may elect for a third party to purchase the CPS rather than delivering the Ordinary Shares issued on Conversion to the investor. Where CPS are Converted, there may be no liquidity or a liquid market for Ordinary Shares at the time of Conversion or the market for Ordinary Shares may be less liquid than that for comparable securities issued by other entities at the time of Conversion.

### 4.1.2 Financial market conditions

The market price of CPS may fluctuate due to various factors, including investor perceptions, worldwide economic conditions, interest rates, movements in the market price of Ordinary Shares or senior or subordinated debt, and factors that may affect ANZ's financial performance and position. CPS may trade at a market price below the Issue Price.

The market price of CPS may be more sensitive than that of Ordinary Shares to changes in interest rates. Increases in relevant interest rates may adversely affect the market price of CPS.

The Ordinary Shares held as a result of any Conversion of CPS will, following Conversion, rank equal with existing Ordinary Shares. Accordingly, the ongoing value of any Ordinary Shares received upon Conversion will depend upon the market price of Ordinary Shares after the Mandatory Conversion Date or Exchange Date.

### 4.1.3 Dividends may not be paid

There is a risk that Dividends will not be paid. CPS do not oblige ANZ to pay Dividends.

The payment of Dividends is subject to the Payment Tests – see Section 1.2.7. The Payment Tests require, among other things, that the Directors, at their absolute discretion, resolve to pay a Dividend and that ANZ has sufficient profits as required by the Corporations Act and by APRA (the latter profits being referred to as “Distributable Profits”) available to pay the Dividend. There is a risk that one or more elements of the Payment Tests will not be satisfied, and there is therefore a risk that a Dividend may not be paid in full or at all.

Distributable Profits are the amounts of profits from which Dividends can be paid. APRA requires that Dividends may only be paid to the extent that they do not exceed Distributable Profits in respect of any Dividend Payment Date. APRA prescribes the calculation of Distributable Profits for both Level 1 (broadly ANZ and a limited class of subsidiaries closely controlled by ANZ) and for Level 2 (broadly the consolidated ANZ Group, but excluding certain prescribed entities). Distributable Profits are determined as the lesser of the profits at these two levels.

For each level, the amount of Distributable Profits as at any Dividend Payment Date is calculated by taking the current year profits for the 12 month period ending on 31 March or 30 September immediately before the relevant Dividend Payment Date and subtracting from that amount the amount of dividends or other distributions paid by the ANZ Group (at the relevant level) in the 12 months up to that date on Tier 1 Capital and Upper Tier 2 securities.

The CPS Terms contain no events of default and, accordingly, failure to pay a Dividend on CPS when scheduled will not constitute an event of default. Further, in the event that ANZ does not pay a Dividend when scheduled on CPS a CPS Holder:

- has no right to apply for ANZ to be wound up, or placed in administration, or cause a receiver or a receiver and manager to be appointed in respect of ANZ merely on the grounds that ANZ does not pay a Dividend when scheduled under CPS; and
- will have no right of set-off and no offsetting rights or claims on ANZ.

Dividends are non-cumulative, and therefore if a Dividend is not paid CPS Holders will have no recourse whatsoever to payment from ANZ and will not receive payment of those Dividends unless the Directors, at their absolute discretion and with the prior written approval of APRA, determine to pay an Optional Dividend at a later time.

However, if ANZ does not declare a Dividend or pay a declared Dividend in full within 21 Business Days of a Dividend Payment Date, then the Distribution Restriction applies to ANZ – see Section 1.2.8 for more details.

ANZ may also be prevented from paying Dividends by the terms of other securities (such as Tier 1 Capital and Upper Tier 2 Capital securities) if a dividend or other distribution has not been paid on those securities. If such a constraint applies, ANZ may not be able to pay Dividends on CPS without the approval of the holders of those other securities – see Section 4.1.6.

#### 4.1.4 Dividends may not be fully franked

ANZ expects Dividends to be fully or substantially franked. However, there is no guarantee that ANZ will have sufficient franking credits in the future to fully frank Dividends.

If a Dividend is unfranked or partially franked, any Dividend paid will be increased to fully compensate for the unfranked component, subject to the Payment Tests – see Section 1.2.7.

The value and availability of franking credits to a CPS Holder will differ depending on the CPS Holder's particular tax circumstances. New Zealand tax resident CPS Holders will not receive the benefit of franking credits attached to Dividends, as they are Australian credits. CPS Holders should be aware that the potential value of any franking credits does not accrue at the same time as the receipt of any cash Dividend. CPS Holders should also be aware that the ability to use the franking credits, either as an offset to a tax liability or by claiming a refund after the end of the year of income, will depend on the individual tax position of each CPS Holder. CPS Holders should also refer to the Taxation summary and the New Zealand tax disclosure in Section 5 and seek professional advice in relation to their tax position.

#### 4.1.5 Changes in Dividend Rate

The Dividend Rate is calculated for each Dividend Period by reference to the Bank Bill Rate, which is influenced by a number of factors and varies over time. The Dividend Rate will fluctuate (both increasing and decreasing) over time as a result of movements in the Bank Bill Rate – see Section 1.2.5.

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

#### 4.1.6 Distributions on CPS may be restricted by the terms of other similar securities

The terms of ANZ's other outstanding and future securities could limit ANZ's ability to make payments on CPS. If ANZ does not make payments on CPS, payments may not be permitted to be made in respect of other similar capital securities (such as certain other Tier 1 Capital and Upper Tier 2 Capital securities). Similarly, if ANZ does not make payments on other similar securities, payments may not be permitted to be made in respect of CPS.

The payment tests applying to other securities (whether currently outstanding or issued in the future) may be different to the Payment Tests applying to CPS. Accordingly, ANZ may not be permitted to make a payment on another security in circumstances where it would otherwise be permitted to make a payment on CPS. In these circumstances, the distribution restrictions on the other securities may then apply, preventing ANZ from making payment on CPS. Similarly, ANZ may not be permitted to make a payment on CPS in circumstances where the payment tests on other securities have been passed.

If distribution restrictions in another security apply to payments on CPS, ANZ may not be able to pay Dividends when scheduled to do so under the CPS Terms and may not be able to Redeem CPS. ANZ is not restricted from issuing other securities of this kind or from agreeing in such other securities to further or different payment tests or distribution restrictions – see further Section 4.1.17.

#### 4.1.7 Mandatory Conversion may not occur on the initial Mandatory Conversion Date or at all

CPS will Convert into Ordinary Shares on 16 June 2014 (subject to certain conditions being satisfied). ANZ may, but is not obliged to, elect that CPS be Resold rather than delivering the Ordinary Shares issued on Conversion to investors. However there is a risk that Conversion will not occur because the Mandatory Conversion Conditions are not satisfied due to a large fall in the Ordinary Share price relative to the Issue Date VWAP, or if Ordinary Shares cease to be quoted on ASX, or have been suspended from trading for at least five consecutive Business Days prior to, and remain suspended on, the Mandatory Conversion Date. Mandatory Conversion would then occur on the next Dividend Payment Date on which all of the Mandatory Conversion Conditions are satisfied. If Mandatory Conversion does not occur on a possible Mandatory Conversion Date, Dividends will continue to be paid on CPS, subject to the Payment Tests.

However, CPS are a perpetual instrument. If the Ordinary Share price deteriorates significantly and never recovers, it is possible that the Mandatory Conversion Conditions will never be satisfied and, if this occurs, CPS will never Convert.

If a Mandatory Conversion Condition is not satisfied, ANZ may, subject to APRA's prior written approval, elect to Redeem CPS for cash. However, in the case of ANZ electing to Redeem where the Second Mandatory Conversion Condition or the Third Mandatory Conversion Condition is not satisfied, this Redemption may be deferred for up to 30 Business Days after the possible Mandatory Conversion Date. This may be disadvantageous to CPS Holders in terms of individual preference and timing.

Whether or not the Mandatory Conversion Conditions are satisfied, ANZ may choose to arrange for a Resale to occur from CPS Holders to the Nominated Purchaser on a possible Mandatory Conversion Date, which would mean CPS Holders would receive \$100 for each CPS that was Resold rather than a variable number of Ordinary Shares upon Conversion.

The choice to arrange for the Resale of CPS from CPS Holders to the Nominated Purchaser may not coincide with a CPS Holder's individual preference in terms of timing or whether the CPS Holder receives Ordinary Shares or cash on the possible Mandatory Conversion Date. This may be disadvantageous to the CPS Holder in light of market conditions or individual circumstances at the time.

Any Redemption or Resale is subject to the discretion of ANZ, and, in the case of Redemption, to obtaining APRA's prior written approval. Accordingly, it is also possible that neither of these will ever occur.

#### 4.1.8 Resale may not complete

If ANZ chooses to Resell CPS, ANZ will appoint one or more Nominated Purchasers to acquire all CPS for cash equal to \$100 per CPS based on the terms and conditions agreed between ANZ and the Nominated Purchaser. It will be the Nominated Purchaser's obligation to pay the consideration to CPS Holders for CPS that are to be Resold. The obligation of a Nominated Purchaser to pay the aggregate purchase price to CPS Holders may be subject to conditions. Although ANZ will reasonably endeavour to minimise these conditions, ANZ can give no assurance as to the details of any such conditions. ANZ will have no obligation to pay this amount if it is not paid by the Nominated Purchaser (whether because a condition is not satisfied or otherwise). Accordingly, there is a risk that despite ANZ appointing the Nominated Purchaser, they may not deliver cash equal to \$100 for each CPS to be Resold.

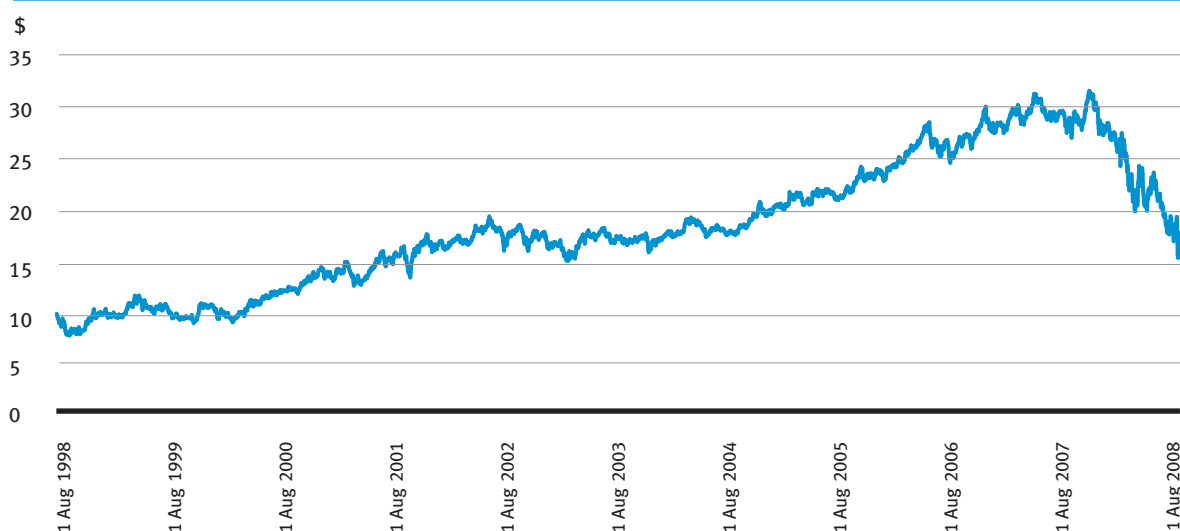
If a Nominated Purchaser does not pay cash equal to \$100 for each CPS to be Resold, or the Resale otherwise does not complete, if CPS would otherwise Convert on that date the relevant CPS will not Convert on that date and CPS Holders will continue to hold the relevant CPS until CPS are otherwise Redeemed, Converted or Resold in accordance with the CPS Terms.

In addition, in these circumstances, ANZ may, subject to APRA's prior written approval, choose to Exchange all relevant CPS at a later date by giving a new Exchange Notice. The new timing and Exchange Method chosen by ANZ may be disadvantageous to the CPS Holder in light of market conditions or individual circumstances at the time of Exchange.

#### 4.1.9 Fluctuation in Ordinary Share price

Upon Conversion, CPS Holders will receive approximately \$102.56 worth of Ordinary Shares per CPS (based on the VWAP of Ordinary Shares during the 20 Business Days before the Mandatory Conversion Date).<sup>13</sup> The market price of Ordinary Shares will fluctuate due to various factors, including investor perceptions, domestic and worldwide economic conditions and ANZ's financial performance and position – see Section 4.1.2. As a result, the value of Ordinary Shares received upon Conversion may be greater than or less than approximately \$102.56 per CPS when they are issued or thereafter.

#### ANZ SHARE PRICE



<sup>13</sup> The VWAP of Ordinary Shares during the 20 Business Days before the Mandatory Conversion Date that is used to calculate the number of Ordinary Shares that CPS Holders receive may differ from the Ordinary Share price on or after the Mandatory Conversion Date. This means that the value of Ordinary Shares received may be more or less than approximately \$102.56 when they are issued or thereafter.

#### 4.1.10 Conversion

The only conditions to Conversion are the Mandatory Conversion Conditions or the Optional Conversion Conditions (as the case may be). No other conditions will affect the Conversion except as expressly provided by the CPS Terms – see clause 10.10(e) of the CPS Terms.

Although one condition to Conversion is that a Delisting Event has not occurred, other events and conditions may affect the ability of CPS Holders to trade or dispose of the Ordinary Shares issued on Conversion, for example, the willingness or ability of ASX to accept the Ordinary Shares issued on Conversion for listing or any practical issues which affect that listing, any disruption to the market for the Ordinary Shares or to capital markets generally, the availability of purchasers for Ordinary Shares and any costs or practicalities associated with trading or disposing of Ordinary Shares at that time.

#### 4.1.11 Restrictions on rights and ranking in a winding-up

CPS are not deposit liabilities of ANZ and the payment of Dividends and payment on Resale or Redemption is not guaranteed by ANZ. CPS are not subject to the depositor protection provisions of the Banking Act. CPS are issued by ANZ under the CPS Terms. A CPS Holder has no claim on ANZ in respect of CPS except as provided in the CPS Terms. CPS are unsecured.

In the event of a winding-up of ANZ, and assuming CPS have not been Exchanged, CPS Holders will be entitled to claim for the Liquidation Sum for each CPS. This is an amount for each CPS up to \$100 in respect of its Issue Price and any Dividend (including any Optional Dividend) resolved by the Directors to be paid but unpaid at the commencement of the winding-up of ANZ. The claim for the Liquidation Sum ranks ahead of Ordinary Shares and equal with the preference shares comprised in the 2003 Trust Securities, the 2004 Trust Securities, the 2007 Stapled Securities and any other capital in ANZ ranking equal with CPS, but behind all senior ranking instruments and securities and depositors and other creditors. Claims in respect of CPS are subordinated, in and notwithstanding a winding-up of ANZ, so as to rank as preference shares as set out in the CPS Terms.

If there is a shortfall of funds on a winding-up to pay all amounts ranking senior and equally with CPS, there is a risk that CPS Holders will not receive a full (or any part of the) Liquidation Sum in a winding-up of ANZ. Although the CPS may pay a higher rate of Dividend than comparable instruments which are not subordinated, there is a risk that an investor in CPS will lose all or some of its investment should ANZ become insolvent.

#### 4.1.12 Credit ratings

ANZ has been assigned a long-term credit rating of “AA” by Standard & Poor’s and “Aa1” by Moody’s. CPS have been assigned an Issue Credit Rating of “A+” by Standard & Poor’s and a provisional Issue Credit Rating of “Aa3” by Moody’s – see Section 3.5.

There is a risk that:

- any of the long-term credit ratings assigned to ANZ could be withdrawn, reviewed or downgraded; or
- any of the Issue Credit Ratings assigned to CPS could be withdrawn, reviewed or downgraded,

either of which may impact the market price and liquidity of CPS.

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 CPS structure, market conditions and additional factors discussed in this Section 4, and other factors that may affect the value of CPS or ANZ’s financial performance or position.

#### 4.1.13 Regulatory classification

APRA has provided confirmation that CPS will, once issued, qualify for Non-innovative Residual Tier 1 Capital treatment under current Prudential Standards at the date of this Prospectus. However, if APRA subsequently determines that CPS are not or will not qualify for Non-innovative Residual Tier 1 Capital treatment, ANZ may decide that a Regulatory Event has occurred. This will allow Exchange of all or some CPS on issue at the option of ANZ (subject to APRA’s prior written approval to any Exchange by way of Conversion or Redemption). For the risks attaching to ANZ’s discretion to Exchange in certain specified circumstances – see Section 4.1.15.

#### 4.1.14 Australian and New Zealand tax consequences

A general outline of the tax consequences of investing in CPS for certain potential investors who are Australian or New Zealand residents for tax purposes is set out in the Taxation summary in Section 5. This discussion is in general terms and is not intended to provide specific advice addressing the circumstances of any particular potential investor. Accordingly, potential investors should seek independent advice concerning their own individual tax position.

If a change is made to the Australian tax system and that change leads to a more than insubstantial risk of:

- a significant increase in ANZ's costs in relation to CPS being on issue;
- a dividend on CPS not being frankable;
- franking credits not being available to Australian tax resident CPS Holders; or
- the CPS being disregarded in accordance with section 703-37 of the Tax Act,

ANZ is entitled to Exchange all or some CPS – see Section 4.1.15.

If the corporate tax rate were to change, the relative components of your Dividend, which are in the form of cash and franking credits, will change.

ANZ has applied for a class ruling from the Australian Taxation Office for confirmation of certain Australian tax consequences for CPS Holders as discussed in the Taxation summary in Section 5. The date of issue of any class ruling is not currently known.

#### 4.1.15 Exchange by ANZ is subject to certain events occurring

ANZ may choose to Exchange all or some CPS after a Tax Event or Regulatory Event, and may choose to Exchange all (but not some only) CPS after an Acquisition Event (see clause 5 of the CPS Terms). A CPS Holder has no right to request or require an Exchange of CPS.

If ANZ elects to Exchange by way of Conversion or Redemption, APRA's prior written approval is required. The choice of Conversion as the Exchange Method is also subject to the level of the Ordinary Share price on the second Business Day before the date on which an Exchange Notice is to be sent by ANZ. If the VWAP on that date is less than 56.00% of the Issue Date VWAP, ANZ is not permitted to choose Conversion as the Exchange Method. Also if a Delisting Event has occurred before that date and is continuing, ANZ is not permitted to choose Conversion as the Exchange Method.

The conditions to Conversion on the Exchange Date are that the Second Mandatory Conversion Condition and the Third Mandatory Conversion Condition must both be satisfied in respect of the Exchange Date as if the Exchange Date were a possible Mandatory Conversion Date.

If the conditions to Conversion on the Exchange Date are not satisfied, ANZ will notify CPS Holders and the Conversion will be deferred until the first Dividend Payment Date on which the Mandatory Conversion Conditions would be satisfied if that Dividend Payment Date were a possible Mandatory Conversion Date.

The Exchange Method that is chosen by ANZ (and whether APRA gives its prior written approval) may not coincide with a CPS Holder's individual preference in terms of timing or whether the CPS Holder receives Ordinary Shares or cash on Exchange. This may be disadvantageous to the CPS Holder in light of market conditions or individual circumstances at the time of Exchange.

Where ANZ has chosen to Exchange all CPS following an Acquisition Event, the Exchange of CPS is subject to obtaining APRA's prior written approval. APRA is not obliged to give this approval and, depending on the facts and circumstances existing at the time of any Acquisition Event, may not do so. If the Directors consider that APRA will not approve the Exchange, or the Second Mandatory Conversion Condition or the Third Mandatory Conversion Condition will not be satisfied, the Directors are required to use all reasonable endeavours to procure that equivalent takeover offers are made to CPS Holders or that they are entitled to participate in the scheme of arrangement or a similar transaction (see clause 12 of the CPS Terms). However, any acquirer of ANZ may not agree to do so.

#### 4.1.16 Exchange on Change of Control Event

If a Change of Control Event occurs, ANZ is required to Exchange all CPS in accordance with the CPS Terms (see clause 6 of the CPS Terms). However, the obligation of ANZ to Exchange CPS is subject to obtaining APRA's prior written approval. APRA is not obliged to give this approval and, depending on the facts and circumstances existing at the time of any Change of Control Event, may not do so.

As detailed in Section 1.5.4, if ANZ is not required to give a Change of Control Exchange Notice as a result of APRA failing to approve Redemption as the Exchange Method, and ANZ is prevented from electing Conversion as the Exchange Method (see clauses 5.4 and 6.4 of the CPS Terms) ANZ will, as noted in Section 1.5.4, give a new Change of Control Exchange Notice which, subject to APRA's prior written approval, will specify either Redemption or Conversion (as elected by ANZ) as the Exchange Method for Exchange on the next Dividend Payment Date. This process will be repeated for each Dividend Payment Date until an Exchange occurs.

#### 4.1.17 Future issue of securities by ANZ

CPS do not in any way restrict ANZ from issuing further securities or from incurring further indebtedness. ANZ's obligations under CPS rank subordinate and junior in right of payment and in a winding up to ANZ's obligations to holders of senior ranking securities and instruments and its depositors and other creditors, including subordinated creditors. Accordingly, ANZ's obligations under CPS will not be satisfied unless it can satisfy in full all of its other obligations ranking senior to CPS.

ANZ may in the future issue securities that:

- rank for dividends or payments of capital (including on the winding-up of ANZ) equal with, behind or ahead of CPS;
- have the same or different dividend, interest or distribution rates as CPS;
- have payment tests and distribution restrictions or other covenants which affect CPS (including by restricting circumstances in which Dividends can be paid on CPS or CPS can be Redeemed); or
- have the same or different terms and conditions as CPS.

ANZ may incur further indebtedness and may issue further securities including further Tier 1 Capital securities before, during or after the issue of CPS. For example, as part of its ongoing capital management program, ANZ continually considers the issuance of hybrid securities in domestic and offshore markets.

An investment in CPS carries no right to participate in any future issue of securities (whether equity, hybrid, debt or otherwise) by ANZ.

No prediction can be made to the effect, if any, which the future issue of securities by ANZ may have on the market price or liquidity of CPS.

#### 4.1.18 Approved NOHC Event

Certain events which would otherwise constitute Acquisition Events are categorised under the CPS Terms as Approved NOHC Events. Where an Approved NOHC Event occurs and certain other conditions are satisfied, the Approved NOHC Event will not trigger an Exchange of CPS but will instead allow ANZ to make amendments to substitute the Approved NOHC as the issuer of the ordinary shares issued on Conversion and will permit ANZ to make certain other amendments to the CPS Terms. Accordingly, potential investors should be aware that, if an Approved NOHC Event occurs and a substitution of the issuer of the ordinary shares on Conversion is effected under the CPS Terms, CPS Holders will be obliged to accept the Approved NOHC ordinary shares and will not receive Ordinary Shares in ANZ on Conversion.

Potential investors should also be aware that CPS Holders acknowledge and agree in the CPS Terms that they have no right to vote on any proposal to approve, implement or give effect to a NOHC Event.

Any consideration by ANZ of proposals that would constitute an Approved NOHC Event has only been preliminary and no formal decision has been made to pursue such an event.

Following an Approved NOHC Event, ANZ would continue to be regulated by APRA. However, depending on the structure of the acquirer following an Approved NOHC Event and the capital framework which APRA determines to apply to it, the composition of ANZ's three capital measurement levels may be affected, which in turn may affect the likelihood of ANZ having Distributable Profits in an amount sufficient to enable Dividends to be paid on CPS. It may also affect ANZ's credit rating, and the net assets of ANZ which may affect the likelihood CPS Holders will receive their claims in full if ANZ is wound up.

#### 4.1.19 Shareholding limits

The Financial Sector (Shareholdings) Act 1998 (Cth) restricts ownership by people (together with their associates) of an Australian bank, such as ANZ, to a 15% stake. A shareholder may apply to the Australian Treasurer to extend their 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.

Mergers, acquisitions and divestments of Australian public companies listed on ASX (such as ANZ) are regulated by detailed and comprehensive legislation and the rules and regulations of ASX. These provisions include restrictions on the acquisition and sale of relevant interests in certain shares in an Australian listed company under the Corporations Act and a requirement that acquisitions of certain interests in Australian listed companies by foreign interests are subject to review and approval by the Treasurer. In addition, Australian law also regulates acquisitions which would have the effect, or be likely to have the effect, of substantially lessening competition in a market in Australia, in a state or in a territory of Australia.

CPS Holders should take care to ensure that by acquiring any CPS (taking into account any Ordinary Shares into which they may Convert) CPS Holders do not breach any applicable restrictions on ownership.

#### 4.1.20 New Zealand investors' currency risk

The denomination and currency for payment for the CPS is Australian dollars and not New Zealand dollars. The Offer may involve a currency exchange risk. The value of the securities will go up or down according to changes in the exchange rate between Australian dollars that currency and New Zealand dollars. These changes may be significant.

Payments will be made in Australian dollars and you may incur fees in having the funds credited to a bank account in New Zealand in New Zealand dollars.

## 4.2 PRINCIPAL RISKS AND UNCERTAINTIES ASSOCIATED WITH ANZ

### 4.2.1 Business and strategic risks

ANZ would be at risk of loss if it were unable to adapt cost structures, products, pricing, or activities in response to lower than expected revenues, or higher than expected costs, caused by an unexpected adverse change in the economy and general business conditions or operating environment.

Global markets have experienced substantial volatility over the last year, commencing with the sub-prime crisis in the United States and associated contagion into the wider global markets. The market is currently characterised by wider credit spreads, tightened liquidity conditions and a general weakening in the economic environment.

ANZ's performance is primarily influenced by economic conditions in Australia and New Zealand, including the level and cyclical nature of ANZ's business activity in these countries, which in turn are affected by both domestic and international economic and political events. The Australian and New Zealand economies are not immune from events in the global markets.

Economic and political factors and events in Australia and New Zealand which can impact performance and results include, but are not limited to, short term and long term interest rates, inflation and monetary supply, commodities volatility and prices, fluctuations in both debt and equity capital markets, relative changes in foreign exchange rates and the strength of the Australian and New Zealand economies. For example, a general economic downturn, a correction in the housing market (including a decrease in housing prices), an increase in unemployment or other events that negatively impact household or corporate incomes or asset values could have a negative effect on the demand for ANZ loan and non-loan products and services and increase the number of ANZ's customers who fail to pay interest or repay principal on their loans.

Australian and New Zealand economic conditions may also be affected by geo-political instability, including, among other factors, actual or potential conflict and terrorism. Future performance may also be affected by the economic conditions of other regions in which ANZ's operations are conducted.

An appreciation in the Australian or New Zealand dollar relative to other currencies could negatively impact Australian or New Zealand agricultural exports and international tourism, whereas a depreciation would increase debt service obligations. Climatic events such as droughts, geological events such as volcanic activity or other extrinsic events such as a bird flu pandemic could have a negative effect on the ability of customers to pay interest or repay principal on their loans. As a consequence of ANZ's large market share in the New Zealand rural sector (particularly the dairy sector), ANZ has exposure to events affecting this sector.

### 4.2.2 Credit risk

As a financial institution, ANZ is exposed to the risks associated with extending credit to other parties. Less favourable business or economic conditions, whether generally or in a specific industry sector or geographic region, could cause customers to experience an adverse financial situation, thereby exposing ANZ to the increased risk that those customers will fail to meet their obligations in accordance with agreed terms.

ANZ holds provisions to cover credit impairment. The amount of these provisions is determined by assessing, based on current information, the extent of impairment within the current lending portfolio. However, if the information upon which the assessment is made proves to be inaccurate, the provisions made for credit impairment may be inappropriate, which could have a material adverse effect on ANZ's financial performance.

ANZ has reported materially increased credit costs and impairment charges, as presented in the consolidated financial report and dividend announcement for the six months ended 31 March 2008 and the Trading Update announced to the market on 28 July 2008. An increase in credit costs is to be expected as the economic cycle turns after a long period of low interest rates, high liquidity and robust economic growth in Australia and New Zealand.

In assessing whether to extend credit or enter into other transactions with customers, ANZ relies on information provided by or on behalf of customers, including financial statements and other financial information. ANZ may also rely on representations of customers as to the accuracy and completeness of that information and, with respect to financial statements, on reports of independent auditors. ANZ's financial performance could be negatively impacted to the extent that it relies on information that is inaccurate or materially misleading.

#### 4.2.3 Credit Intermediation and Exposure to Financial Guarantors

ANZ has entered into credit default swaps selling protection over a basket of corporate names. The trades were structured with significant levels of “first loss” protection achieving an “AAA” rating. To further mitigate the risk on these transactions, ANZ simultaneously purchased credit protection from a series of mostly “AAA” rated US financial guarantors (including so called “monoline insurers”).

The underlying structures consist of over 800 principally offshore corporate names and the structures continue to meet “AAA” rating criteria. The widening of credit spreads has seen market values fall disproportionately and at the end of July 2008 there was a negative market value of approximately US\$1.14 billion on the sold protection offset by a corresponding positive value on the protection purchased from the financial guarantors.

The deterioration in the global credit markets has in turn placed pressure on the financial position of these financial guarantors. ANZ made a provision for \$226 million in the half year ended 31 March 2008 against one of the guarantors. ANZ regularly assesses the total market value of the remaining obligations from the financial guarantors and makes a credit valuation adjustment as necessary. The Trading Update announced to the market on 28 July 2008 contains information on the credit valuation adjustment in the period after the March 2008 Interim Results (see section 6.2).

The size of this valuation adjustment will be volatile and vary over time with changes in both the market value of the underlying assets and changes in the size of the credit valuation adjustment either from changes in the ratings of the financial guarantors or movements in credit spreads. While there will continue to be volatility, ANZ expects these amounts to be substantially recovered over time.

#### 4.2.4 Liquidity and funding risks

Liquidity risk is the risk that ANZ has insufficient capacity to fund increases in assets, or is unable to meet its payment obligations as they fall due, including repaying depositors or maturing wholesale debt. Liquidity risk is inherent in all banking operations due to the timing mismatch between cash inflows and cash outflows.

ANZ relies upon both customer deposits and wholesale debt on an ongoing basis to ensure that it continues to meet its funding obligations and to maintain or grow its business generally. Approximately 29% of ANZ’s overall funding requirement is comprised of wholesale debt with a term to maturity of less than 12 months.

In times of systematic market liquidity stress, or in the event of damage to market confidence in ANZ, ANZ’s ability to access sources of funding and liquidity may be constrained. Deterioration in the current systemic market liquidity stress may limit ANZ’s ability to access sources of funding and liquidity.

ANZ is rated “AA” by Standard & Poor’s and “Aa1” by Moody’s. ANZ’s credit rating has a significant impact on both ANZ’s access to and cost of wholesale funding. A reduction in ANZ’s credit rating could reduce ANZ’s access to wholesale debt markets and lead to an increase in funding costs.

#### 4.2.5 Market risk

Market risk is the risk to the ANZ Group’s earnings arising from changes in interest rates, currency exchange rates, credit spreads, or from fluctuations in bond, commodity or equity prices. Market risk arises when changes in market rates, prices and volatilities lead to a decline in the value of assets and liabilities, including financial derivatives. Market risk is generated through both trading activities and the interest rate risk inherent in the banking book.

ANZ conducts trading operations in interest rates, foreign exchange, commodities, securities and equities. Trading operations largely focus on supporting customer hedging and investing activities, rather than outright proprietary trading.

ANZ has a detailed risk management and control framework to support its trading and balance sheet activities. The framework incorporates a risk measurement approach to quantify the magnitude of market risk within trading and balance sheet portfolios. This approach and related analysis identifies the range of possible outcomes that can be expected over a given period of time, establishes the relative likelihood of those outcomes and allocates an appropriate amount of capital to support these activities.

##### a) Traded market risk

This is the risk of loss from changes in the value of financial instruments due to movements in price factors for both physical and derivative trading positions. Trading positions arise from transactions where ANZ acts as principal with customers, financial exchanges, or interbank counterparties.

The principal risk categories monitored are:

- Currency risk, which is the potential loss arising from the decline in the value of a financial instrument due to changes in foreign exchange rates or their implied volatilities.
- Interest rate risk, which is the potential loss arising from the change in the value of a financial instrument due to changes in market interest rates or their implied volatilities.

- Credit spread risk, which is the potential loss arising from a change in value of an instrument due to a movement of its margin or spread relative to a bench mark.
- Commodity risk, which is the potential loss arising from the decline in the value of a financial instrument due to changes in commodity prices, or their implied volatilities.

#### b) Interest Rate Risk in the Banking Book (IRRBB)

IRRBB is the risk of a loss in earnings, economic value or both due to changes in interest rates. The four types of IRRBB risks are:

- Repricing risk, which is the risk of a loss caused by a change in the overall level of interest rates.
- Yield curve risk, which is the risk of a loss caused by a change in the relative levels of interest rates for different tenors.
- Basis risk, which is the risk of loss arising from differences between the actual and expected interest margins.
- Optionality risk, which is the risk of a loss due to the existence of embedded options which are not captured in the risks above.

#### c) Foreign currency risk

As ANZ conducts business in different currencies, mainly Australian and New Zealand dollars, ANZ's businesses may be affected by a change in currency exchange rates. Additionally, as ANZ's financial statements are prepared and presented in Australian dollars, any appreciation in the Australian dollar against other currencies in which ANZ earns revenues (particularly the New Zealand dollar) may adversely affect the reported earnings and consequently shareholder equity and capital ratios.

### 4.2.6 Litigation and contingent liabilities

From time to time ANZ may be subject to material litigation or governmental, legal or arbitration proceedings and other contingent liabilities which, if they crystallise, may adversely affect ANZ's results.

ANZ entered into Australian Master Securities Lending Agreements (**AMSLAs**) with Opes Prime Stockbroking Limited (**Opes Prime**) and a related company. Under the AMSLAs, ANZ acquired shares in various companies listed on the ASX. On 27 March 2008, ANZ appointed a receiver and manager to Opes Prime and related companies pursuant to fixed and floating charges over the assets of those companies. ANZ has substantially completed a disposal program with respect to the shares that ANZ acquired under the AMSLAs.

ANZ released a Securities Lending Review report on 22 August 2008. The report examines the development and management of securities lending within ANZ and its relationship with brokers including the Opes Prime Group (see section 6.2).

There are continuing developments concerning the events surrounding Opes Prime which may continue for some time. There is a risk that further actions (court proceedings or regulatory actions) may be commenced against various parties, including ANZ. The potential impact or outcome of any future claim cannot presently be ascertained. ANZ would review and defend any claim, as appropriate.

Details regarding ANZ's current material contingent liabilities as at 31 March 2008 are contained in Note 14 of the consolidated financial report and dividend announcement for the six months ended 31 March 2008 (see section 6.2 for further information). There is a risk that these contingent liabilities may be larger than anticipated or that additional litigation or other contingent liabilities will arise.

### 4.2.7 Changes in monetary policies

The RBA and the RBNZ regulate the supply of money and credit in Australia and New Zealand respectively. Their policies help determine ANZ's cost of funds for lending and investing and the return that ANZ will earn on those loans and investments. These policies impact ANZ's net interest margin and can affect the value of financial instruments held by ANZ, such as debt securities. The policies of the RBA and the RBNZ, and any other relevant central monetary authority, can also affect ANZ's borrowers, potentially increasing the risk that they may fail to repay loans.

### 4.2.8 Regulatory risk

Both ANZ and its subsidiary ANZ National, as deposit-taking institutions, are regulated in Australia and in New Zealand respectively and in the other countries (including the United Kingdom, the United States and different countries within Asia) in which they or any other member of the ANZ Group has operations, trades or raises funds, or in respect of which they have some other connection. Regulations vary from country to country but generally are designed to protect depositors and the banking system as a whole, not holders of shares.

The Australian Government and its agencies, including APRA, the RBA and other financial industry regulatory bodies including ASIC, have supervisory oversight of ANZ. The New Zealand Government and its agencies, including the RBNZ, have supervisory oversight of ANZ National and its subsidiaries. To the extent that a member of the ANZ

Group has operations, trades or raises funds in, or has some other connection with, countries other than Australia or New Zealand then such activities may be subject to the laws of, and regulation by agencies, in these countries. Such regulatory agencies include by way of example: the US Federal Reserve Board, the US Department of Treasury, the US Office of the Comptroller of the Currency, the UK's Financial Services Authority, the Monetary Authority of Singapore and other financial regulatory bodies in those countries and in other relevant countries. A failure to comply with any laws, regulations or policies in any of those jurisdictions could result in sanctions by these or other regulatory agencies and cause damage to ANZ's reputation which could affect ANZ substantially. To the extent that these and any other regulatory requirements limit ANZ's operations and flexibility, they could adversely affect its profitability and prospects.

These regulatory and other governmental agencies (including revenue and tax authorities) frequently review banking and tax laws, regulations and policies. Changes to laws, regulations or policies, including changes in interpretation or implementation of laws, regulations or policies, could affect ANZ in substantial and unpredictable ways. These may include changing required levels of bank liquidity and capital adequacy, limiting the types of financial services and products that can be offered and/or increasing the ability of non-banks to offer competing financial services or products, as well as changes to prudential regulatory requirements.

#### 4.2.9 Capital management risk

ANZ's capital base is critical to its ability to manage its businesses. ANZ is required by regulators including APRA to maintain adequate regulatory capital. Basel II Accord principles took effect in Australia and New Zealand on 1 January 2008, at which time APRA's updated Prudential Standard APS 110 – Capital Adequacy established that an ADI must have in place an Internal Capital Adequacy Assessment Process (ICAAP) to ensure that the ADI maintains an appropriate level and quality of capital commensurate with the level and extent of risks arising from its activities.

Under Basel II, Risk Weighted Assets increase as a counterparty's risk grades worsen. These additional regulatory capital requirements compound the reduction in capital resulting from provisions for loan losses. Accordingly greater volatility in capital ratios may arise.

#### 4.2.10 Fair value adjustments

Under Australian Accounting Standards, ANZ recognises at fair value:

- (i) financial instruments held as "held-for-trading" or "designated as at fair value through profit or loss";
- (ii) financial assets classified as "available-for-sale"; and
- (iii) derivatives.

Generally, in order to establish the fair value of these instruments, ANZ relies on quoted market prices or, where the market for a financial instrument is not sufficiently active, internal valuation models that use observable market data. In certain circumstances, the data for individual financial instruments or classes of financial instrument used by such valuation models may not be available or may become unavailable due to changes in market conditions. In these circumstances, ANZ's internal valuation models require ANZ to make assumptions, judgments and estimates in order to establish fair value.

These internal valuation models are complex, and the assumptions, judgement and estimates that ANZ is required to make often relate to matters that are inherently uncertain, such as expected cash flows, the ability of borrowers to service debt, house price appreciation and depreciation, and relative levels of defaults and deficiencies. Such assumptions, judgments and estimates need to be updated to reflect changing trends and market conditions. The resulting change in the fair values of the financial instruments could have a material adverse effect on ANZ's earnings.

#### 4.2.11 General acquisition risk

ANZ regularly examines a range of corporate opportunities including material acquisitions with a view to determining whether those opportunities will enhance its financial performance and position. Any corporate opportunity that is pursued could, for a variety of reasons, turn out to have a material adverse effect on ANZ's profitability. The successful implementation of ANZ's corporate strategy will depend on a range of factors including potential funding strategies and challenges associated with integrating and adding value to an acquired business.

ANZ's operating performance or capital structure may also be affected by these corporate opportunities and there is a risk that ANZ's credit ratings may be placed on credit watch or downgraded if these opportunities are pursued.

#### 4.2.12 Operational risk

Operational risk refers to risks arising from day-to-day operational activities, which may result in direct or indirect losses. These losses may result from both internal and external events.

Operational risks that ANZ is exposed to include the risks arising from process error or failure, inadequate processes, people or systems, fraud, systems failure, failure and breach of security, physical protection and recovery systems, customer services, staff skills and performance and product development, delivery and

maintenance and breaches of laws and regulations. Similarly, there are operational risks in the management, design and implementation of major projects.

ANZ is also exposed to operational failings by third-party providers (including outsourcing), to natural disasters, political, security and social events and to failings in the financial services sector.

The Operational Risk Executive Committee (OREC) supports the Board Risk Committee in respect of operational risk oversight including compliance. The key responsibilities of OREC include:

- Endorsing the ANZ Operational Risk Framework and approving ANZ's Compliance Framework and operational risk policies;
- Monitoring the state of operational risk management and instigating any necessary corrective actions;
- Being notified of all material actual, potential or near miss risk events for review; and
- Approving the strategy and approach for new and emerging risks and monitoring associated action plans.

#### 4.2.13 Reputation risk

Reputation risk may arise through the actions of ANZ and adversely affect perceptions of ANZ held by the public, shareholders, investors, regulators or rating agencies. The impact of a risk event on ANZ's reputation (e.g. operational or credit events), may exceed any direct costs and extend through to the goodwill of the ANZ franchise.

Damage to ANZ's reputation may have wide ranging impacts, including on ANZ's profitability, capacity to source funding and liquidity, cost of sourcing funding and liquidity and by constraining business opportunities.

#### 4.2.14 A weakening of the real estate markets in Australia or New Zealand

Residential and commercial property lending constitute important businesses for ANZ. As of 31 March 2008, housing loans represented approximately 50%, and commercial property finance represented approximately 8%, of ANZ's net loans and advances respectively. A decrease in property valuations could decrease the amount of new mortgages ANZ is able to write or increase the losses that it may experience from existing mortgages, which, in either case, could materially and adversely impact ANZ's financial condition and results of operations. The next highest industry concentration is Agriculture, Forestry and Fishing.

#### 4.2.15 Failure of information technology systems

ANZ is highly dependent on information systems and technology and there is a risk that these, or the services they use or are dependent on, might fail. Most of ANZ's daily operations are computer-based. Information technology systems are essential to maintaining effective communications with customers. The exposure to systems risk includes the complete or partial failure of information technology systems or data centre infrastructure, the inadequacy of internal third-party information technology systems due to, among other things, failure to keep pace with industry developments, and the capacity of the existing systems to effectively accommodate planned growth and integrate existing and future acquisitions and alliances. To manage some of these risks ANZ has disaster recovery and systems continuity plans in place. However, any failure in these systems could result in business interruption, loss of customers, damage to reputation and a weakening of ANZ's competitive position and could adversely impact ANZ's business and have a material adverse effect on its financial condition and operations.

#### 4.2.16 Competition, especially in Australia and New Zealand

The financial services sector in which ANZ operates is highly competitive and could become even more so, particularly in those segments which are perceived as providing higher growth prospects. Factors contributing to this include industry deregulation, mergers and acquisitions, changes in customers' needs and preferences, entry of new participants, development of new distribution and service methods and increased diversification of products by competitors. For example, changes in the financial services sector have made it possible for non-bank financial institutions to offer products and services traditionally provided by banks, such as automatic payment systems, mortgages and credit cards. In addition, banks in different jurisdictions are subject to different levels of regulation and as a consequence some may have lower cost structures.

The competitive market conditions may have a material adverse effect on ANZ's financial performance and position, especially in Australia and New Zealand. For example, increasing competition for customers can lead to a compression in net interest margins, or increased advertising and related expenses to attract and retain customers.

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**The risks identified in this Section 4 are not exhaustive and you should read this Prospectus in its entirety and consult your financial adviser or other professional adviser before deciding whether to invest in CPS.**

## TAXATION SUMMARY

This Section contains a summary of the Australian and New Zealand tax consequences for potential CPS Holders and is based on Australian and New Zealand tax law and administrative practice as at the date of this Prospectus. This summary is necessarily general in nature and is not intended to be definitive tax advice to CPS Holders. Accordingly, each prospective CPS Holder should seek their own tax advice, which is specific to their particular circumstances, as to the tax consequences of investing in, holding and disposing of CPS.

## AUSTRALIAN TAX CONSEQUENCES OF INVESTING IN CPS

Outlined below is a summary of the Australian income tax, capital gains tax (CGT) and goods and services tax (GST) consequences for Australian tax resident CPS Holders (**Resident CPS Holders**) and CPS Holders who are not tax residents of Australia (**Non Resident CPS Holders**) who subscribe for CPS and hold them on capital account for tax purposes. This summary is based on Australian tax legislation and interpretations of that legislation as at the date of this Prospectus.

Tax considerations which may arise for Resident CPS Holders who are in the business of share trading, are dealing in securities or otherwise hold CPS on revenue account, or Non Resident CPS Holders who carry on a business at or through a permanent establishment in Australia, have not been considered in this summary.

ANZ has applied for a class ruling from the Australian Taxation Office for confirmation of certain tax consequences for Resident CPS Holders as discussed in this summary. The date of issue of any class ruling is not currently known.

### 1 Resident CPS Holders

(a) Provided a Resident CPS Holder is a “qualified person” (refer to section 3 of this Taxation Summary) in relation to their CPS, the below is a summary of the Australian income tax consequences with respect to Dividends received on CPS.

- (1) It is expected that ANZ will pay fully or substantially franked Dividends on CPS. Accordingly, all Resident CPS Holders should include in their assessable income the amount of the Dividends together with the franking credits. To the extent that the Dividends on CPS are unfranked, the Dividends will be increased to compensate for the unfranked component.
- (2) The Resident CPS Holder should be entitled to a tax offset equal to the amount of the franking credits attached to the Dividends. To the extent that the tax offset attributable to the franking credits on a Dividend exceeds the income tax liability for an income year of a Resident CPS Holder who is an individual or complying superannuation entity, the excess tax offset may be refunded to the Resident CPS Holder. Excess franking credits cannot be carried forward to a later income year.
- (3) Resident CPS Holders that are companies should be entitled to a credit in their franking account equal to the amount of franking credits on Dividends.
- (4) Resident CPS Holders that are companies or non-complying superannuation entities are not entitled to refunds of tax offsets.

(b) Below is a summary of the Australian income tax and CGT consequences with respect to a disposal of CPS.

- (1) A sale of CPS by a Resident CPS Holder on ASX or to a Nominated Purchaser will give rise to a capital gain if the sale proceeds exceed the cost base of CPS. Conversely, a capital loss will result if the reduced cost base of CPS exceeds the sale proceeds. The cost base or reduced cost base of CPS respectively should include the amount paid to acquire CPS as well as any incidental costs (e.g. broker fees) associated with the acquisition and disposal of CPS.

If CPS have been owned for at least 12 months prior to the sale (excluding the days of acquisition and disposal), a Resident CPS Holder (other than a company) may be entitled to receive CGT discount treatment in respect of any gain arising on disposal of CPS, such that a percentage of the gain is not included in assessable income. The discount percentage is applied to the amount of the capital gain after offsetting any current year or carried forward capital losses. The discount percentages are 50%, 50% and 33⅓% for Resident CPS Holders who are individuals, trusts and complying superannuation entities respectively.

Resident CPS Holders who dispose of CPS within 12 months of acquiring them, or who dispose of CPS under an agreement entered into within 12 months of acquiring them, will not receive CGT discount treatment. Companies are not entitled to obtain CGT discount treatment in respect of any gain arising on disposal of CPS.

- (2) On the Mandatory Conversion Date, or if ANZ issues an Exchange Notice or Change of Control Exchange Notice and elects Conversion as the Exchange Method, each CPS will Convert into one fully paid Ordinary Share subject to any conditions contained in the CPS Terms. The Conversion of each CPS into one fully paid Ordinary Share should not result in a full or partial disposal of CPS for CGT purposes. Furthermore, the additional Ordinary Shares allotted on Conversion should not be treated as a dividend or assessable income.

The additional Ordinary Shares will be CGT assets for CGT purposes. The cost base (or reduced cost base) of an additional Ordinary Share will be determined by spreading the cost base (or reduced cost base) of the original CPS across all of the Ordinary Shares (being the additional Ordinary Shares and the CPS that has been Converted into one Ordinary Share). Further, for CGT purposes, the additional Ordinary Shares should be taken to have been acquired by a Resident CPS Holder at the time the original CPS to which the additional Ordinary Shares relate were acquired by the Resident CPS Holder.

- (3) ANZ may elect to Redeem CPS in certain circumstances. For each CPS that is being Redeemed, an amount equal to the Redemption Price will be paid by ANZ in cash. The Redemption proceeds should not be treated as a dividend to the extent to which they are debited against an amount standing to the credit of ANZ's share capital account, provided that ANZ gives the Resident CPS Holder a notice specifying the amount paid up on each CPS to be Redeemed.

Redemption of CPS will constitute a disposal of CPS for CGT purposes. Accordingly, a Resident CPS Holder may derive a capital gain or a capital loss on such disposal to the extent to which the Redemption proceeds paid to the Resident CPS Holders are greater than the cost base or are less than the reduced cost base of CPS respectively. The cost base (or reduced cost base) of CPS for these purposes would include the amount paid by a Resident CPS Holder to acquire CPS plus the incidental costs associated with the acquisition and Redemption of CPS. A Resident CPS Holder (other than a company) may be entitled to CGT discount treatment in respect of any remaining capital gain, in the same manner as discussed above.

## 2 Non Resident CPS Holders

- (a) Below is a summary of the Australian income tax consequences for Non Resident CPS Holders with respect to Dividends received on CPS.
- (1) Non Resident CPS Holders should not be subject to dividend withholding tax in respect of fully franked Dividends that may be paid by ANZ. Separate credit or refund for the attached franking credits is not available to Non Resident CPS Holders.
  - (2) In the event that part of a Dividend is unfranked, the payment will be made to the Non Resident CPS Holders net of dividend withholding tax. If applicable, dividend withholding tax would be payable at the rate of 30% but reduced to 15%, 10% or nil depending on the applicable Double Tax Agreement (DTA) that Australia may have with the Non Resident CPS Holder's home jurisdiction (the applicable rate is 15% under the Australia/New Zealand DTA). Such withholding tax may be available as a credit against local tax payable by the Non Resident CPS Holder, depending upon applicable laws in the relevant jurisdiction.
- ANZ may source the unfranked portion of the Dividend from its Conduit Foreign Income (CFI). Unfranked Dividends paid out of CFI to Non Resident CPS Holders will be exempt from Australian dividend withholding tax.
- (b) For Non Resident CPS Holders, any capital gain or capital loss resulting from a disposal of CPS should be disregarded for CGT purposes provided that:
- (1) the Non Resident CPS Holder (together with its associates) holds less than 10% of the shares in ANZ at any time throughout a 12 month period that began no earlier than 24 months before the disposal of CPS and ending no later than that time; and
  - (2) the Non Resident CPS Holder does not hold CPS at any time in carrying on a business at or through a permanent establishment in Australia.

## 3 Qualification for franking credits – “Qualified Person”

A Resident CPS Holder is not required to include the amount of the franking credits in their assessable income and is not entitled to the tax offset unless the Resident CPS Holder is a “qualified person” in relation to a Dividend.

A Resident CPS Holder is a “qualified person” if the “holding period” and “related payments” rules are satisfied in respect of the Dividend.

In relation to the holding period rule, a Resident CPS Holder must have held CPS “at risk” for a continuous period of at least 90 days (excluding the days of acquisition and disposal) within a period beginning on the day after the date on which the Resident CPS Holder acquired CPS and ending on the 90th day after the date on which CPS became ex Dividend.

If the related payments rule applies, a Resident CPS Holder is required to hold CPS “at risk” for at least 90 days (excluding the days of acquisition and disposal) within a period beginning 90 days before and ending 90 days after the date on which CPS became ex Dividend. Broadly speaking, the related payments rule would apply where a Resident CPS Holder makes a payment which passes the benefit of a Dividend to another person.

Alternatively, a Resident CPS Holder is automatically taken to be a qualified person in relation to Dividends if the total amount of the tax offsets in respect of all franked distributions to which the Resident CPS Holder would be entitled in an income year is \$5,000 or less. This is referred to as the “small shareholder rule”. However, a Resident CPS Holder will not be a “qualified person” by virtue of the small shareholder rule if related payments have been made, or will be made, in respect of a Dividend.

## 4 Pay-as-you-go withholding tax on Dividends

Resident CPS Holders may, if they choose, notify ANZ of their TFN, ABN, or a relevant exemption from withholding tax with respect to Dividends.

In the event that ANZ is not so notified, tax will be automatically deducted at the highest marginal tax rate (including Medicare levy) from the cash amount of the unfranked part (if any) of the Dividends. The rate of withholding is currently 46.5%.

ANZ is required to withhold and remit to the Australian Tax Office such tax until such time as the relevant TFN, ABN or exemption notification is given to it. Resident CPS Holders will be able to claim a tax credit/rebate (as applicable) in respect of any tax withheld on the Dividends in their income tax returns.

## 5 Goods and services tax (GST)

CPS Holders should not be liable for GST in respect of their investment in CPS or the realisation or Conversion of CPS.

Resident CPS Holders registered for GST are unlikely to be entitled to an input tax credit for any GST paid in respect of costs associated with the acquisition of CPS (e.g. adviser fees).

## NEW ZEALAND TAX CONSEQUENCES OF INVESTING IN CPS

A summary of the New Zealand taxation implications of an investment in CPS by New Zealand tax resident CPS Holders (**New Zealand CPS Holders**), based on New Zealand tax legislation and interpretations of that legislation as at the date of this Prospectus, is set out below.

- (a) Although New Zealand has recently enacted new Foreign Investment Fund rules for taxing offshore portfolio equity investments, the new Foreign Investment Fund rules do not apply to investments in Australian tax resident companies that are listed on the ASX and included in an index that is an approved index under the ASX Market Rules (**Australian Listed Exemption**). Therefore, the Australian Listed Exemption is expected to be relevant in respect of CPS. This means you will not be subject to the new Foreign Investment Fund rules and will continue to be liable to New Zealand tax generally only on Dividends received (and in certain circumstances below in respect of sale proceeds).
- (b) New Zealand CPS Holders that are natural persons or trustees (other than of unit trusts, which are treated as companies for New Zealand tax purposes) will be required to account for New Zealand tax at their marginal rate on Dividends paid under CPS (and on gains on the sale or disposal of CPS where they hold their CPS on revenue account for New Zealand tax purposes).
- (c) New Zealand CPS Holders that are companies will be required to make a foreign dividend payment in respect of Dividends received under CPS and will be required to account for New Zealand tax at the corporate tax rate in relation to gains on the sale or disposal of CPS where they hold their CPS on revenue account for New Zealand tax purposes).  
The Taxation (International Taxation, Life Insurance, and Remedial Matters) Bill 2008, if enacted in its current form, will require New Zealand CPS Holders that are companies to account for returns under CPS in accordance with the financial arrangements rules. In particular, this would require such CPS Holders to account for New Zealand income tax in respect of fluctuations in the value of CPS which are caused by fluctuations in the New Zealand dollar/Australian dollar exchange rate.
- (d) New Zealand CPS Holders will not be entitled to a credit of New Zealand tax in respect of any franking credits attached to Dividends paid under CPS, as they are Australian credits. Such CPS Holders may be entitled to claim a credit against New Zealand tax payable to the extent Australian withholding or similar tax is imposed on Dividends paid under CPS.
- (e) With respect to a disposal of CPS, the proceeds should not constitute assessable income for New Zealand income tax purposes unless:
  - the sale occurs as part of a business you carry on;
  - you acquired the CPS for the dominant purpose or intention of sale;
  - you carry on a business that comprises dealing in shares; or
  - you derive the sale proceeds from the carrying on or carrying out of any undertaking or scheme entered into or devised for the purpose of making a profit.
- (f) The Conversion, Resale or Redemption of CPS will be treated as a disposal of CPS for New Zealand income tax purposes. You should seek New Zealand tax advice in relation to the New Zealand tax consequences of that Conversion, Resale or Redemption.
- (g) For New Zealand GST purposes, CPS issued will be classified as the supply of a “financial service”. No GST will apply to any Application Payments paid in consideration for CPS.
- (h) The calculation of New Zealand tax payable must be made in New Zealand dollars, with the appropriate foreign exchange rate being selected from sources accepted by the Inland Revenue.

## ADDITIONAL INFORMATION

This Section sets out a number of other matters that may not have been addressed in detail elsewhere in this Prospectus. These include rights attaching to Ordinary Shares that may be issued on Conversion, a summary of the Offer Management Agreement, the disclosure of interests of the Directors and advisers and the relief that regulators have granted to ANZ in respect of the Offer.

## 6.1 REPORTING AND DISCLOSURE OBLIGATIONS

ANZ is admitted to the Official List of ASX and is a disclosing entity for the purposes of the Corporations Act. As a disclosing entity, it is subject to regular reporting and disclosure obligations under the Corporations Act and Listing Rules. Broadly these obligations require that ANZ prepare both yearly and half yearly financial statements, a report on the operations of ANZ during the relevant accounting period and an audit or review report by its auditor.

Copies of these and other documents lodged with ASIC may be obtained from or inspected at an ASIC office.

ANZ must ensure that ASX is continuously notified of information about specific events and matters as they arise for the purpose of ASX making the information available to the Australian securities market.

ANZ has an obligation under the Listing Rules (subject to certain exceptions) to notify ASX immediately of any information concerning it of which it becomes aware, which a reasonable person would expect to have a material effect on the price or value of its quoted securities.

## 6.2 AVAILABILITY OF DOCUMENTS

ANZ will provide a copy of any of the following documents free of charge to any person who requests a copy during the Offer Period:

- the annual financial report for the year ended 30 September 2007 lodged with ASIC by ANZ (being the most recent audited annual financial statements lodged with ASIC before lodgement of this Prospectus with ASIC);
- the half-year financial report for the half year ended 31 March 2008 lodged with ASIC by ANZ (being the most recent half yearly financial report reviewed and lodged with ASIC before lodgement of this Prospectus with ASIC);
- any continuous disclosure notices given by ANZ in the period after the lodgement of the annual financial statements of ANZ for the year ended 30 September 2007 and before lodgement of this Prospectus with ASIC (including the Trading Update released to the market on 28 July 2008 and the report following an internal review of ANZ's securities lending business released to the market on 22 August 2008); and
- the Constitution.

The financial report for the year ended 30 September 2007 and half year ended 31 March 2008, together with copies of continuous disclosure notices lodged with ASX, are available at [www.asx.com.au](http://www.asx.com.au) or at [www.anz.com/aus/about/media/ASX-Announcements/default.asp](http://www.anz.com/aus/about/media/ASX-Announcements/default.asp). The Constitution is available at [www.anz.com.au/documents/au/policies/Constitution.pdf](http://www.anz.com.au/documents/au/policies/Constitution.pdf).

All written requests for copies of the above documents should be addressed to:

Investor Relations Department  
Australia and New Zealand Banking Group Limited  
Level 22  
100 Queen Street  
Melbourne VIC 3000

## 6.3 RIGHTS AND LIABILITIES ATTACHING TO CPS

The rights and liabilities attaching to CPS are contained in the CPS Terms set out in Appendix A. Rights and liabilities attaching to CPS may also arise under the Corporations Act, Listing Rules, the Constitution and other laws.

## 6.4 RIGHTS AND LIABILITIES ATTACHING TO ORDINARY SHARES

CPS Holders may receive Ordinary Shares on Conversion. The rights and liabilities attaching to the Ordinary Shares are set out in the Constitution and are also regulated by the Corporations Act, Listing Rules and the general law.

This Section 6.4 briefly summarises the key rights attaching to the Ordinary Shares. It is not intended to be an exhaustive summary of the rights and obligations of Shareholders. Investors who wish to inspect the Constitution may do so at the registered office of ANZ during normal office hours or may obtain a copy as provided under Section 6.2.

#### 6.4.1 Voting rights

Subject to any rights or restrictions attached to any shares or class of shares, each Shareholder is entitled to attend and vote at a general meeting of ANZ. Any resolution being considered at a general meeting is decided on a show of hands unless a poll is demanded. On a show of hands, each Shareholder present has one vote. On a poll, each Shareholder has one vote for each fully paid Ordinary Share. Partly paid Ordinary Shares confer that fraction of a vote which is equal to the proportion which the amount paid bears to the total issue price of the Ordinary Share.

#### 6.4.2 General meetings

Notice of a general meeting must be given to each Shareholder in accordance with the Corporations Act.

Each Shareholder is entitled to receive notices, financial statements and other documents required to be sent to Shareholders under the Constitution, the Corporations Act and the Listing Rules, but in the case of financial statements and annual reports only where the Shareholder has requested one to be sent to them in accordance with the Corporations Act.

#### 6.4.3 Dividend entitlement

Subject to the Corporations Act, the Constitution and the terms of issue of Ordinary Shares, the Board may resolve to pay dividends on Ordinary Shares which are considered by the Board to be appropriate, in proportion to the capital paid up on the Ordinary Shares held by each Shareholder (subject to the rights of holders of shares carrying preferred rights including CPS).

#### 6.4.4 Dividend reinvestment plan and bonus option plan

Shareholders who are eligible may participate in ANZ's dividend reinvestment plan or bonus option plan, as in force from time to time, in accordance with (and subject to) the rules of those plans. Shareholders who are subject to the laws of a country or place other than Australia may not be eligible to participate, because of legal requirements that apply in that country or place or in Australia. Until the Board otherwise determines, participation in ANZ's dividend reinvestment plan and bonus option plan is not available to any person (including any legal or beneficial owner of Ordinary Shares) who is (or who is acting on behalf of or for the account or benefit of an entity or person who is) in or resident in the United States (including its territories and possessions) or Canada.

#### 6.4.5 Rights of Shareholders on a winding up of ANZ

If ANZ is wound up and its property is more than sufficient to pay all debts, preference share capital of ANZ and expenses of the winding up, the excess must be divided among Shareholders in proportion to the capital paid up on the Ordinary Shares at the commencement of the winding-up (subject to the rights of holders of shares carrying preferred rights on winding-up including CPS). A partly paid Ordinary Share is counted as a fraction equal to the proportion which the amount paid on it bears to the total issue price of the Ordinary Share.

However, with the sanction of a special resolution, the liquidator may divide among Shareholders the assets of ANZ in kind and decide how the division is to be carried out or vest assets in trustees of any trusts for the benefit of Shareholders as the liquidator thinks appropriate.

#### 6.4.6 Transfer of Ordinary Shares

Ordinary Shares may be transferred by any means permitted by the Corporations Act or by law. The Board may decline to register a transfer where permitted to do so under the Listing Rules or the ASTC Settlement Rules, or where registration of the transfer is forbidden by the Corporations Act, the Listing Rules or the ASTC Settlement Rules. In addition, subject to the Corporations Act, the Listing Rules and the ASTC Settlement Rules, the Board may decline to register a transfer if registration would create a new holding of less than a marketable parcel under the Listing Rules.

#### 6.4.7 Issues of further shares

Subject to the Constitution, the Corporations Act and the Listing Rules, the Board may issue or grant options in respect of shares on such terms as the Board decides. In particular, the Board may issue preference shares, including redeemable preference shares, with preferred, deferred or special rights or restrictions in relation to dividends, voting, return of capital and participation in surplus on a winding up of ANZ.

#### 6.4.8 Variation of rights

ANZ may only modify or vary the rights attaching to any class of shares with the prior approval, by a special resolution, of the holders of shares in that class at a meeting of those holders, or with the written consent of the holders of at least 75% of the issued shares of that class.

Subject to the terms of issue, the rights attached to a class of shares are not treated as varied by the issue of further shares which rank equally with that existing class for participation in profits and assets of ANZ.

#### 6.4.9 Variation of the Constitution

The Constitution can only be modified by a special resolution in accordance with the Corporations Act. Under the Corporations Act, for a resolution to be passed as a special resolution it must be passed by at least 75% of the votes cast by members entitled to vote on the resolution.

### 6.5 RIGHTS AND LIABILITIES ATTACHING TO APPROVED NOHC ORDINARY SHARES

If an Approved NOHC Event occurs and the CPS Terms are amended to enable substitution of the Approved NOHC as the issuer of ordinary shares on Conversion (including Mandatory Conversion), the rights and liabilities of the Approved NOHC ordinary shares will not be materially different to the rights and liabilities of Ordinary Shares in ANZ. It is a condition to substitution that the Approved NOHC ordinary shares be quoted on ASX – see clause 19.2 of the CPS Terms.

### 6.6 SUMMARY OF THE OFFER MANAGEMENT AGREEMENT

ANZ has entered into an Offer Management Agreement (OMA) with ANZ Securities, CommSec, Citi, Deutsche Bank, E\*TRADE Australia, GSJBW, J.P.Morgan, Macquarie and UBS (together, the **Joint Lead Managers**). Under the OMA, the Joint Lead Managers have agreed to manage the Offer, including the Bookbuild and Allocation process in relation to the Offer, and to provide settlement support for the settlement obligations of Syndicate Brokers (other than ANZ Securities and E\*TRADE Australia) and Institutional Investors under the Bookbuild.

The following is the summary of the principal provisions of the OMA.

#### 6.6.1 Fees

The fees payable to the Joint Lead Managers are set out in Section 6.8.

#### 6.6.2 ANZ's obligations in relation to the conduct of the Offer

Under the OMA, ANZ has agreed to conduct the Offer in accordance with this Prospectus, the OMA, the Constitution and all applicable laws.

#### 6.6.3 ANZ's representations, warranties and undertakings

Under the OMA, ANZ makes various representations and warranties in relation to this Prospectus and compliance with the Constitution, Corporations Act, Listing Rules and other applicable laws. ANZ also warrants that it has the power (including under the Constitution) to enter into and perform transactions in connection with the Offer and the OMA.

ANZ has undertaken that it will not (and will ensure that its related bodies corporate do not), without the Joint Lead Managers' prior written consent, allot or agree to allot, or announce an issue of, indicate an intention to allot, or otherwise authorise the issue of, any ASX listed hybrid or preference securities in Australia, with Tier 1 Capital status, at any time prior to 30 September 2008. This undertaking does not apply to the issue by ANZ of CPS or securities pursuant to an employee share or option plan, a bonus share plan, a dividend reinvestment plan or an underwriting of a dividend reinvestment plan, a share purchase plan or underwriting of a share purchase plan or in accordance with the terms of issue of securities or financial products on issue as at the date of the OMA.

#### 6.6.4 Termination Events

Each Joint Lead Manager may terminate the OMA after the occurrence of any one or more of the following events (non-exhaustive list):

- a credit rating downgrade of ANZ or CPS;
- ASIC issues a stop order or similar proceeding in relation to the Prospectus;
- ASX does not grant its approval or indicates that the approval will not be granted (other than in respect of the customary pre-listing conditions), for official quotation of CPS, or the approval is, or ASX indicates it is likely to be, subsequently withdrawn, qualified or withheld;
- a supplementary prospectus is required under section 719 of the Corporations Act;
- any of the All Ordinaries Index of ASX, the S&P ASX200 and the Dow Jones Industrial Average (**Relevant Index**):
  - closes on three consecutive business days at a level that is 10% or more below the level of the Relevant Index as at the close of trading on the business day before the date of the OMA (**Starting Level**); or
  - closes at a level that is 10% or more below the Starting Level at any time in the period of three business days prior to 30 September 2008; or
  - closes at a level that is 15% or more below the Starting Level;
- an adverse change occurs in the assets, liabilities, financial position or performance, profits, losses or prospects of ANZ or its related bodies corporate;
- certain breaches of the OMA;
- any licence, permit, authorisation or consent which is material to anything referred to in this Prospectus, or necessary to conduct ANZ's business or a business of any of its related bodies corporate is repealed, revoked, terminated or expires in a manner unacceptable to the Joint Lead Managers (acting reasonably);
- trading of ANZ's securities is suspended for a certain period of time;
- unauthorised alterations to ANZ or any of its group members' share capital or constitution; and
- ANZ withdraws the Prospectus or the Offer other than in accordance with the OMA.

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

Under the OMA, if a Joint Lead Manager terminates, the Joint Lead Manager must give notice in writing to ANZ and each of the other Joint Lead Managers. The non-terminating Joint Lead Managers may elect to assume the rights and obligations of the terminating Joint Lead Manager in equal proportions by providing ANZ with written notice.

In addition, if any Joint Lead Manager terminates its obligations under the OMA, then the obligations of the Syndicate Brokers or Institutional Investors under the Bookbuild may, by the terms of the invitation to participate in the Bookbuild, terminate.

ANZ indemnifies the Joint Lead Managers and their affiliates and representatives (each an **Indemnified Party**) against liabilities arising out of, or in connection with, their appointment under the OMA, except to the extent that those liabilities resulted from the fraud, wilful misconduct, wilful default or negligence of the Indemnified Party or any party associated with the Joint Lead Manager with which that Indemnified Party is associated (or, in respect of liabilities of a Joint Lead Manager to ANZ for breach of the OMA, except to the extent any such conduct is caused or induced to ANZ or its affiliates).

## 6.7 CONSENTS

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

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

1. has not made any statement in this Prospectus or any statement on which a statement made in this Prospectus is based, other than as specified in paragraph 4 below;
2. to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any statements or omissions from this Prospectus, other than the reference to its name and/or any statement or report included in this Prospectus with the consent of that Consenting Party;
3. has given and has not, before the lodgement of this Prospectus with ASIC, withdrawn its written consent to be named in this Prospectus in the form and context in which it is named; and
4. in the case of:
  - (i) Greenwoods & Freehills, has given and has not, before the lodgement of this Prospectus with ASIC, withdrawn its written consent to the inclusion of the Australian taxation summary in the form and context in which it appears in Section 5; and
  - (ii) Russell McVeagh, has given and has not, before the lodgement of this Prospectus with ASIC, withdrawn its written consent to the inclusion of the New Zealand taxation summary in the form and context in which it appears in Section 5.

| ROLE                              | CONSENTING PARTIES                                                                                                               |
|-----------------------------------|----------------------------------------------------------------------------------------------------------------------------------|
| Joint Lead Managers               | ANZ Securities <sup>14</sup><br>Citi<br>CommSec<br>Deutsche Bank<br>E*TRADE Australia<br>GSJBW<br>J.P.Morgan<br>Macquarie<br>UBS |
| Co-Managers                       | ABN AMRO Morgans<br>Credit Suisse                                                                                                |
| Auditor                           | KPMG                                                                                                                             |
| Australian legal adviser          | Mallesons Stephen Jaques                                                                                                         |
| Australian tax adviser            | Greenwoods & Freehills                                                                                                           |
| New Zealand legal and tax adviser | Russell McVeagh                                                                                                                  |
| Registry                          | Computershare Investor Services Pty Limited                                                                                      |

<sup>14</sup> A liability of ANZ Securities is neither a deposit with, nor a liability of, ANZ. ANZ Securities is a separate entity from ANZ and is not an authorised deposit - taking institution under the Banking Act.

## 6.8 INTERESTS OF ADVISERS

ANZ Securities, CommSec, Citi, Deutsche Bank, E\*TRADE Australia, GSJBW, J.P.Morgan, Macquarie and UBS have acted as Joint Lead Managers to the Offer, and ABN AMRO Morgans and Credit Suisse have acted as Co-Managers, in respect of which they will receive the following fees from ANZ:

- a retail selling fee of 1.00% of that portion of the Offer proceeds in respect of Applications received from retail investors attributable to the selling efforts of that Joint Lead Manager or Co-Manager;
- in respect of the Joint Lead Managers only, an institutional selling fee of 0.50% of that portion of the Offer proceeds in respect of Applications received from Institutional Investors;
- a base fee of 0.60% of \$50 million that is committed into the Bookbuild and allocated to each Joint Lead Manager and each Co-Manager;
- an incentive fee of 0.75% of the amount allocated to each Joint Lead Manager and each Co-Manager above \$50 million; and
- additional fees of up to \$1.5 million may be payable by ANZ at its discretion.

KPMG has performed specific agreed upon procedures relating to certain financial matters disclosed in this Prospectus. In respect of this work, ANZ estimates that it will pay approximately \$100,000 (excluding disbursements and GST) to KPMG for work up to the date of this Prospectus. Further amounts may be paid to KPMG under its normal time-based charges.

Mallesons Stephen Jaques has acted as Australian legal adviser to ANZ in relation to the Offer and have performed work in relation to drafting the CPS Terms, preparing the due diligence and verification program and performing due diligence required on legal matters. In respect of this work, ANZ estimates that it will pay approximately \$510,000 (excluding disbursements and GST) to Mallesons Stephen Jaques for work up to the date of this Prospectus. Further amounts may be paid to Mallesons Stephen Jaques under their normal time-based charges.

Greenwoods & Freehills has acted as Australian taxation adviser to ANZ in relation to the Offer and has provided advice on the Australian aspects of the Taxation Summary contained in Section 5. In respect of this work, ANZ estimates that it will pay approximately \$100,000 (excluding disbursements and GST) to Greenwoods & Freehills for work up to the date of this Prospectus. Further amounts may be paid to Greenwoods & Freehills under its normal time-based charges.

Russell McVeagh has acted as New Zealand legal and tax adviser to ANZ in relation to the Offer and has provided advice on the New Zealand aspects of the Taxation Summary contained in Section 5. In respect of this work, ANZ estimates that it will pay approximately NZ\$26,500 (excluding disbursements and GST) to Russell McVeagh for work up to the date of this Prospectus. Further amounts may be paid to Russell McVeagh under its normal time-based charges.

Except as set out in this Prospectus, no person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus, a promoter of ANZ or broker to the Offer:

- holds, at the time of lodgement of this Prospectus with ASIC, or has held in the two years before lodgement of this Prospectus with ASIC, an interest in:
  - the formation or promotion of ANZ;
  - the Offer; or
  - any property acquired or proposed to be acquired by ANZ in connection with the formation or promotion of ANZ or the Offer; or
- has paid or agreed to pay any amount, and no one has given or agreed to give any benefit for services provided by that person in connection with the formation or promotion of ANZ or the Offer.

## 6.9 INTERESTS OF DIRECTORS

The Directors' interests in ANZ as at the date of this Prospectus are detailed in the following table:

| DIRECTOR         | NUMBER OF SHARES | NUMBER OF OPTIONS/<br>RIGHTS OVER SHARES |
|------------------|------------------|------------------------------------------|
| CB Goode AC      | 733,442          | –                                        |
| MRP Smith OBE    | 373,983          | 779,002                                  |
| GJ Clark         | 12,479           | –                                        |
| JK Ellis         | 138,014          | –                                        |
| MA Jackson AC    | 94,228           | –                                        |
| IJ Macfarlane AC | 8,574            | –                                        |
| DE Meiklejohn    | 15,156           | –                                        |
| JP Morschel      | 10,677           | –                                        |

The Directors (and their related parties) may acquire CPS offered under this Prospectus subject to the Listing Rules (including any waivers as described in Section 6.10).

Other than as set out in this Prospectus, no Director or proposed Director holds, at the time of lodgement of this Prospectus with ASIC, or has held in the two years before lodgement of this Prospectus with ASIC, an interest in:

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

Other than as set out in this Prospectus, at the time of lodgement of this Prospectus with ASIC, no one has paid or agreed to pay any amount, and no one has given or agreed to give any benefit, to any Director or proposed Director:

- to induce that person to become, or qualify as, a Director; or
- for services provided by that person in connection with the formation or promotion of ANZ or the Offer.

The Constitution contains provisions about the remuneration of the Directors. As remuneration for services as a director, each non-executive Director is paid an amount determined by the Board, subject to a maximum annual aggregate amount determined by Shareholders in general meeting. The maximum annual aggregate amount has been set at \$3,000,000 (excluding retirement benefits). Each non-executive Director may also be paid additional remuneration for performance of additional services and is entitled to reimbursement of reasonable out-of-pocket expenses. The remuneration of the Managing Director and CEO may be fixed by the Board. The remuneration may consist of salary, bonuses or any other elements but must not be a commission on or percentage of profits or operating revenue.

ANZ has entered into a Director's Access Insurance and Indemnity Deed with each Director. Under that deed, a Director is entitled (among other things) to be indemnified against liabilities incurred as a Director to the extent permitted by law. They are also permitted to be indemnified under the Constitution and ANZ may enter and pay premiums on directors and officers insurance policies for their benefit.

### 6.10 ASX relief

ASX has classified CPS as “equity securities” for the purposes of the Listing Rules and has confirmed that:

- the CPS Terms are appropriate and equitable for the purpose of Listing Rule 6.1;
- Listing Rule 6.3 has been waived to the extent necessary to permit CPS to carry the voting rights as set out in the CPS Terms;
- the terms of the CPS meet the requirements of Listing Rule 6.5;
- the terms of the APRA constraints on the payment on Dividends do not amount to a removal of a right to a dividend for the purposes of Listing Rule 6.10;
- Conversion, Redemption or Resale by ANZ as provided in the CPS Terms is appropriate and equitable for the purposes of Listing Rule 6.12;
- for the purposes of Listing Rule 7.1, it is acceptable that the maximum number of Ordinary Shares into which CPS can be Converted in accordance with Listing Rule 7.1 and 7.1.4 will be calculated by notionally converting CPS at the market price of Ordinary Shares at the Issue Date;
- that ANZ or the Approved NOHC (as applicable) can rely on the exception in Listing Rule 7.2 and member approval will not be required on Conversion of the CPS; and
- Listing Rule 10.11 has been waived to permit Directors (and their related parties) to participate in the Offer, without shareholder approval, on the following conditions:
  - the Directors (and their related parties) are collectively restricted to applying for no more than 0.2% of the total number of CPS issued under the Offer;
  - ANZ releases the terms of the waiver to the market; and
  - when CPS are issued, ANZ announces to the market the total number of CPS issued to the Directors (and their related parties) in aggregate.

ASX has also agreed to allow CPS to trade on a deferred settlement basis for a short time following the issue of CPS.

### 6.11 ASIC relief

ASIC relief has been obtained in respect of:

- the operation of section 716(2) of the Corporations Act so that Class Order [CO 07/428] was modified to apply to ANZ in respect of the Offer to permit the inclusion in this Prospectus of any short-term and long-term credit rating of ANZ and any rating of CPS announced by Standard & Poor’s and Moody’s without the consent of those rating agencies;
- the operation of section 710 of the Corporations Act to allow ANZ to issue a “transaction-specific” prospectus in relation to the Offer of CPS converting into Ordinary Shares (being continuously quoted) or ordinary shares issued by the Approved NOHC in certain circumstances.

### 6.12 Foreign selling restrictions

As at the date of this Prospectus, no action has been taken to register or qualify CPS or the Offer or to otherwise permit a public offering of CPS outside Australia or New Zealand.

The distribution of this Prospectus (including an electronic copy) outside Australia or New Zealand may be restricted by law. If you come into possession of this Prospectus outside Australia or New Zealand, then you should seek advice on, and observe, any such restrictions. Any failure to comply with such restrictions may violate securities laws. This Prospectus does not constitute an offer or invitation in any jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer or invitation.

In particular, CPS have not been and will not be registered under the US Securities Act or the securities laws of any state of the United States, and may not be offered or sold in the United States or to, or for the account or benefit of, a US Person.

Any offer, sale or resale of CPS in the United States by a dealer (whether or not participating in the Offer) may violate the registration requirements of the US Securities Act.

CPS may be offered in a jurisdiction outside Australia or New Zealand where such offer is made in accordance with the laws of that jurisdiction.

Each person submitting an Application Form will be deemed to have acknowledged that it is aware of the restrictions referred to in this Section 6.12 and to have represented and warranted that it is able to apply for and acquire CPS in compliance with those restrictions.

### 6.13 Privacy statement

If you apply for CPS, you will be asked to provide personal information to ANZ or its agents. ANZ and its agents will collect, hold and use that personal information in accordance with the Privacy Act and ANZ's privacy policy, to assess and process your Application, to service your needs as a CPS Holder, to provide facilities and services that you request and to carry out appropriate administration of your investment. Company and tax law requires some personal information to be collected.

To do these things, ANZ may disclose your personal information to its agents, contractors or third party service providers to whom ANZ outsource services such as mailing and registry functions. ANZ may also disclose your personal information to related companies or to their agents, contractors or third party service providers. However, all of these parties are bound by the same privacy policy as ANZ.

ANZ may also use your personal information to keep you informed about ANZ's business activities, progress and development and bring to your attention a range of products and services offered by ANZ. You can contact ANZ or the Registry on 1800 113 399 (within Australia), 0800 174 007 (within New Zealand) or +61 3 9415 4010 (international) if you do not consent to ANZ using or disclosing your personal information in this way. It is important that you contact ANZ or the Registry if you do not consent to this use because, by investing in CPS, you will be taken to have consented.

Some uses and disclosures may occur outside of Australia.

If you do not provide the information requested, your Application may not be able to be processed efficiently, if at all.

Under the Privacy Act, you may request access to your personal information held by or on behalf of ANZ. You can request access to your personal information or obtain further information about ANZ's management of your personal information by contacting the Registry or ANZ. You can also obtain a copy of ANZ's privacy policy at [www.anz.com.au/australia/aboutanz/PrivacyPolicy/PrivacyPolicy.pdf](http://www.anz.com.au/australia/aboutanz/PrivacyPolicy/PrivacyPolicy.pdf).

ANZ aims to ensure that the personal information retained about you is accurate, complete and up-to-date. If the Registry's record of your personal information is incorrect or out of date, it is important that you contact ANZ or the Registry so that your records can be corrected. To assist ANZ with this, please contact ANZ or the Registry if any of the details you have provided have changed. If you have any concerns about the completeness or accuracy of the information ANZ has about you, ANZ will take steps to correct it.

## CPS TERMS

This Appendix A contains the full CPS Terms.

## 1 CPS

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### 1.1 CPS

CPS are fully paid mandatorily convertible preference shares in the capital of ANZ (CPS). They are issued, and may be Redeemed, Converted, or Resold, according to these CPS Terms. The CPS are designated the “September 2008 CPS” for identification purposes.

CPS are not deposit liabilities of ANZ.

### 1.2 Issue Price

The issue price of each CPS (**Issue Price**) is \$100.

## 2 TITLE AND TRANSFER

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### 2.1 Title

Title to a CPS passes when details of the transfer are entered in the Register.

### 2.2 Register conclusive as to ownership

Entries in the Register in relation to a CPS constitute conclusive evidence that the person so entered is the absolute owner of the CPS subject to correction for fraud or error.

### 2.3 Non-recognition of interests

Except as required by law and as provided in this clause 2.3, ANZ must treat the person whose name is entered in the Register as the CPS Holder in respect of a CPS as the absolute owner of that CPS.

No notice of any trust, Encumbrance or other interest in, or claim to, any CPS will be entered in the Register. Neither ANZ nor the Registrar need take notice of any trust, Encumbrance or other interest in, or claim to, any CPS, except as ordered by a court of competent jurisdiction or required by law, and no trust, Encumbrance or other interest in, or claim to, any CPS will in any way affect any provision of these CPS Terms (including without limitation any Resale).

This clause 2.3 applies whether or not a payment has been made when scheduled on a CPS and despite any notice of ownership, trust or interest in the CPS.

### 2.4 Dealings in whole

At all times, the CPS may be held or transferred only in whole CPS.

### 2.5 Transfer in accordance with Constitution

The Constitution contains provisions relating to the transfer of shares and the relevant provisions apply with all necessary modifications to a transfer of CPS.

### 2.6 Refusal to register

The Constitution contains provisions allowing the Directors to refuse to register transfers and the relevant provisions apply with all necessary modifications to refusals to register transfers of CPS in those circumstances.

### 2.7 Transferor to remain holder until registration

The Constitution contains provisions relating to the effect of registration on a transfer and the relevant provisions apply with all necessary modifications to a transfer of CPS.

### 2.8 Transmission of CPS

The Constitution contains provisions relating to the transmission of shares in certain circumstances (including without limitation on the death of a holder) and the relevant provisions apply with all necessary modifications to the transmission of CPS in those circumstances.

### 3 DIVIDENDS

#### 3.1 Dividends

Subject to these CPS Terms, each CPS entitles the CPS Holder on a Record Date to receive on the relevant Dividend Payment Date a dividend (**Dividend**) calculated according to the following formula:

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

where:

**Dividend Rate** (expressed as a percentage per annum) is calculated according to the following formula:

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

where:

**Bank Bill Rate** (expressed as a percentage per annum) means, for a Dividend Period, the average mid-rate for bills of a term of 90 days which average mid-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 mid-rate or that average mid-rate is not displayed by 10.30am (Melbourne time) on that date, the rate specified in good faith by ANZ at or around that time on that date having regard, to the extent possible, to:

- (a) the rates otherwise bid and offered for bills of 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
- (b) 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 the margin determined under the Bookbuild; and

**Tax Rate** (expressed as a decimal) means the Australian corporate tax rate applicable to the franking account of ANZ as 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 Issue Date until (but not including) the first Dividend Payment Date; and
- (b) each subsequent Dividend Payment Date, the number of days from (and including) the preceding Dividend Payment Date until (but not including) the relevant Dividend Payment Date.

#### 3.2 Franking adjustments

If any Dividend is not franked to 100% under Part 3-6 of the Tax Act (or any provisions that revise or replace that Part), the Dividend will be calculated according to the following formula:

$$\text{Dividend} = \frac{D}{1 - [\text{Tax Rate} \times (1 - F)]}$$

where:

**D** means the Dividend calculated under clause 3.1;

**Tax Rate** has the meaning given in clause 3.1; and

**F** means the applicable Franking Rate.

#### 3.3 Payment of a Dividend

Each Dividend (including an Optional Dividend) is subject to:

- (a) the Directors, at their absolute discretion, resolving to pay that Dividend on the relevant Dividend Payment Date; and
- (b) no APRA Condition existing in respect of the relevant Dividend Payment Date.

Subject to this clause 3.3, the Directors, at their absolute discretion but with the prior written approval of APRA, may determine an Optional Dividend to be payable on any date.

### 3.4 Dividends are non-cumulative

Dividends are non-cumulative. If all or any part of a Dividend is not paid because of clause 3.3 or because of any applicable law, ANZ has no liability to pay the unpaid amount of the Dividend and, notwithstanding the Directors' discretion to pay an Optional Dividend under clause 3.3, CPS Holders have no claim or entitlement in respect of such non-payment and such non-payment does not constitute an event of default. No interest accrues on any unpaid Dividends or Optional Dividends and the CPS Holders have no claim or entitlement in respect of interest on any unpaid Dividends or Optional Dividends.

### 3.5 Dividend Payment Dates

Subject to this clause 3, Dividends (other than Optional Dividends) in respect of a CPS will be payable in arrears on the following dates (each a **Dividend Payment Date**):

- (a) each 15 March, 15 June, 15 September and 15 December commencing on 15 December 2008 until (but not including) the date on which a Redemption or Conversion of that CPS occurs in accordance with these CPS Terms; and
- (b) each date on which:
  - (i) a Conversion or Resale of that CPS occurs; and
  - (ii) subject to clause 8.3(a)(iii), a Redemption of that CPS occurs,
 in each case in accordance with these CPS Terms.

If a Dividend Payment Date is a day which is not a Business Day, then the Dividend Payment Date will be the next day which is a Business Day.

### 3.6 Record Dates

- (a) A Dividend is only payable on a Dividend Payment Date to those persons registered as CPS Holders on the Record Date for that Dividend.
- (b) An Optional Dividend is only payable on the date of payment determined by the Directors to those persons registered as CPS Holders on the Record Date for that Optional Dividend.

### 3.7 Deductions

- (a) ANZ 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 ANZ to the relevant revenue authority and the balance of the Dividend payable has been paid to the relevant CPS Holder, then the full amount payable to such CPS Holder shall be deemed to have been duly paid and satisfied by ANZ.
- (b) ANZ 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 CPS Holder, deliver to that CPS Holder a copy of any relevant receipt issued by the revenue authority (to the extent issued) without delay after it is received by ANZ.

### 3.8 Restrictions in the case of non-payment

If for any reason a Dividend has not been paid in full within 21 Business Days of the relevant Dividend Payment Date, ANZ must not, without approval of a Special Resolution:

- (a) declare or pay a dividend or make any distribution on any capital instruments of ANZ which rank equally with or junior to CPS for distributions; or
- (b) redeem, buy back or reduce capital on any capital instruments of ANZ which rank equally with or junior to CPS for a return of capital in a winding up,

unless:

- (i) consecutive Dividends scheduled to be payable on CPS on the Dividend Payment Dates falling during the 12 months after the Dividend Payment Date of the Dividend that has not been paid have been paid in full;
- (ii) with the prior written approval of APRA, an optional dividend (**Optional Dividend**) has been paid to CPS Holders equal to the aggregate unpaid amount of any unpaid Dividends which were scheduled to be paid in the 12 months prior to the date of payment of the Optional Dividend; or
- (iii) all CPS have been Redeemed or Converted.

### 3.9 Exclusions from restrictions in case of non-payment

The restrictions in clause 3.8 do not apply to:

- (a) *pro rata* payments on the CPS and any Equal Ranking Instruments;
- (b) repurchases (including buy-backs), redemptions or other acquisitions of ANZ Shares in connection with:
  - (i) any employment contract, employee share scheme, benefit plan or other similar arrangement with or for the benefit of any one or more employees, officers, directors or consultants of ANZ or any Controlled Entity;
  - (ii) a dividend reinvestment or bonus option plan or shareholder share purchase plan; or
  - (iii) the issuance of ANZ Shares, or securities convertible into or exercisable for such shares, as consideration in an acquisition transaction entered into prior to non-payment of the Dividend;
- (c) an exchange, redemption or conversion of any class or series of ANZ Shares, or any securities of a Subsidiary or of any other entity whose financial results are required to be consolidated with ANZ's financial statements, for any class or series of ANZ Shares, or of any class or series of ANZ's indebtedness for any class or series of ANZ Shares;
- (d) the purchase of fractional interests in ANZ Shares under the conversion or exchange provisions of the shares or the security being converted or exchanged;
- (e) any payment, distribution or declaration of a dividend in connection with any shareholder's rights plan, or the issuance of rights, shares or other property under any shareholder's 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 equal or junior to those shares; or
- (g) a capital raising by way of a rights or entitlement issue made to holders of one or more capital instruments of ANZ.

Nothing in these CPS Terms prohibits ANZ or a Controlled Entity from purchasing ANZ Shares (or an interest therein) in connection with transactions for the account of customers of ANZ or customers of entities that ANZ Controls or in connection with the distribution or trading of ANZ Shares in the ordinary course of business. This includes (for the avoidance of doubt and without affecting the foregoing) any acquisition resulting from:

- (a) taking security over ANZ Shares in the ordinary course of business; and
- (b) acting as trustee for another person where neither ANZ nor any entity it Controls has a beneficial interest in the trust (other than a beneficial interest that arises from a security given for the purposes of a transaction entered into in the ordinary course of business).

## 4 MANDATORY CONVERSION

### 4.1 Mandatory Conversion

Subject to clauses 4.5 and 4.7, on the Mandatory Conversion Date ANZ must Convert all (but not some) CPS on issue at that date into Ordinary Shares in accordance with clause 7 and this clause 4.

### 4.2 Mandatory Conversion Date

The Mandatory Conversion Date will be the earlier of:

- (a) 16 June 2014 (the **Initial Mandatory Conversion Date**); and
- (b) the first Dividend Payment Date after the Initial Mandatory Conversion Date (a **Subsequent Mandatory Conversion Date**),

(each a **Relevant Date**) on which the Mandatory Conversion Conditions are satisfied.

### 4.3 Mandatory Conversion Conditions

The Mandatory Conversion Conditions for each Relevant Date are:

- (a) the VWAP on the 25th Business Day immediately preceding (but not including) the Relevant Date (the **First Test Date**, provided that if no trading in Ordinary Shares took place on that date, the First Test Date is the first Business Day before the 25th Business Day immediately preceding (but not including) the Relevant Date on which trading in Ordinary Shares took place) is greater than 56.00% of the Issue Date VWAP (the **First Mandatory Conversion Condition**);
- (b) the VWAP during the period of 20 Business Days on which trading in Ordinary Shares took place immediately preceding (but not including) the Relevant Date (the **Second Test Period**) is greater than 51.28% of the Issue Date VWAP (the **Second Mandatory Conversion Condition**); and

- (c) no Delisting Event applies in respect of the Relevant Date (the **Third Mandatory Conversion Condition** and, together with the First Mandatory Conversion Condition and the Second Mandatory Conversion Condition, the **Mandatory Conversion Conditions**).

#### 4.4 Non-Conversion Notices

If:

- (a) the First Mandatory Conversion Condition is not satisfied in relation to a Relevant Date, ANZ will notify CPS Holders between the 25th and the 21st Business Day before the Relevant Date; or
- (b) the Second Mandatory Conversion Condition or the Third Mandatory Conversion Condition is not satisfied in relation to a Relevant Date, ANZ will notify CPS Holders on or as soon as practicable after the Relevant Date unless it has given a Resale Notice or a Redemption Notice,

in either case that Mandatory Conversion will not (or, as the case may be, did not) occur on the Relevant Date (a **Non-Conversion Notice**).

#### 4.5 Redemption where Mandatory Conversion Conditions are not satisfied

If:

- (a) the First Mandatory Conversion Condition is not satisfied in relation to a Relevant Date, ANZ may, subject to APRA's prior written approval, elect to Redeem all (but not some) CPS on the Relevant Date in accordance with clause 8 by giving a notice (a **Redemption Notice**) no later than 10 Business Days prior to the Relevant Date; or
- (b) the Second Mandatory Conversion Condition or the Third Mandatory Conversion Condition is not satisfied in relation to a Relevant Date, ANZ may, subject to APRA's prior written approval, elect to Redeem all (but not some) CPS on a date no later than 30 Business Days after the Relevant Date (the **Deferred Redemption Date**) by giving a Redemption Notice no later than 10 Business Days prior to the Deferred Redemption Date.

A Redemption Notice once given is irrevocable.

#### 4.6 Contents of Redemption Notice

A Redemption Notice must specify:

- (a) the details of the Mandatory Conversion Condition to which the Redemption Notice relates;
- (b) the date on which Redemption is to occur (the **Redemption Date**), which must be the Relevant Date in the case of a Redemption under clause 4.5(a) and the Deferred Redemption Date in the case of a Redemption under clause 4.5(b);
- (c) whether the Redemption Price is payable by way of redemption, buy-back or reduction of capital (or a combination of these methods); and
- (d) whether any Dividend or any amount under clause 8.3(a)(iii) will be paid on the Redemption Date.

#### 4.7 Resale on the Relevant Date

Whether or not the Mandatory Conversion Conditions are satisfied in relation to a Relevant Date, ANZ may elect to Resell all (but not some) CPS on the Relevant Date in accordance with clause 9 by giving a notice (a **Resale Notice**) no later than 21 Business Days prior to the Relevant Date. A Resale Notice once given is irrevocable.

#### 4.8 Contents of Resale Notice

A Resale Notice must specify the identity of the Nominated Purchaser or Nominated Purchasers for that Resale.

#### 4.9 Election between Resale and Redemption

ANZ may only give a Resale Notice or a Redemption Notice in respect of a Relevant Date where permitted to do so by clause 4.5 or clause 4.7 (as the case may be) and may not give both a Resale Notice and a Redemption Notice in respect of a Relevant Date.

If, notwithstanding this clause 4.9, more than one notice is given, the Resale Notice will be deemed never to have been given and the Redemption Notice will prevail.

## 5 OPTIONAL EXCHANGE BY ANZ

### 5.1 Optional Exchange by ANZ

ANZ may by notice to CPS Holders (an **Exchange Notice**) elect to Exchange:

- (a) all or some CPS on an Exchange Date following the occurrence of a Tax Event or a Regulatory Event; or
- (b) all (but not some only) CPS on an Exchange Date following the occurrence of an Acquisition Event.

An Exchange Notice once given is irrevocable.

### 5.2 Contents of Exchange Notice

An Exchange Notice must specify:

- (a) the details of the Acquisition Event, Tax Event or Regulatory Event to which the Exchange Notice relates;
- (b) the date on which Exchange is to occur (the **Exchange Date**), which:
  - (i) in the case of an Acquisition Event:
    - (A) if the Exchange Notice provides that CPS are to be Converted, is the Business Day prior to the date reasonably determined by ANZ to be the last date on which holders of Ordinary Shares can participate in the bid or scheme concerned or such other earlier date as ANZ may reasonably determine having regard to the timing for implementation of the bid or scheme concerned; or
    - (B) otherwise, must be no later than 35 Business Days after the date on which the Acquisition Event occurred,
  - or in either case such later date as APRA may require; or
  - (ii) in the case of a Tax Event or a Regulatory Event, will be the last Business Day of the month following the month in which the Exchange Notice was given by ANZ unless ANZ determines an earlier Exchange Date having regard to the best interests of CPS Holders as a whole and the relevant event;
- (c) the Exchange Method;
- (d) if less than all outstanding CPS are subject to Exchange, which CPS are subject to Exchange;
- (e) if the Exchange Notice provides that CPS are to be Redeemed, whether the Redemption Price is payable by way of redemption, buy-back or reduction of capital (or a combination of these methods);
- (f) if the Exchange Notice provides that CPS are to be Resold, the identity of the Nominated Purchaser or Nominated Purchasers for that Resale; and
- (g) whether any Dividend or any amount under clause 8.3(a)(iii) will be paid on the Exchange Date.

### 5.3 Exchange Method

If ANZ elects to Exchange CPS in accordance with this clause 5, it must, subject to clause 5.4, elect which of the following (or which combination of the following) it intends to do in respect of CPS (the **Exchange Method**):

- (a) subject to APRA's prior written approval, Convert CPS into Ordinary Shares in accordance with clause 7;
- (b) subject to APRA's prior written approval, Redeem CPS in accordance with clause 8; or
- (c) Resell CPS in accordance with clause 9.

If ANZ issues an Exchange Notice to Exchange only some CPS, ANZ must endeavour to treat CPS Holders on an approximately proportionate basis, but may discriminate to take account of the effect on holdings which would be Non-marketable Parcels and other considerations (including the circumstances described in clause 9.6).

### 5.4 Conditions to election by ANZ of Conversion as Exchange Method

ANZ may not elect Conversion as the Exchange Method in respect of an Exchange if:

- (a) on the second Business Day before the date on which an Exchange Notice is to be sent by ANZ (or, if trading in Ordinary Shares did not occur on that date, the last Business Day prior to that date on which trading in Ordinary Shares occurred) (the **Optional Conversion Test Date**) the VWAP on that date is less than or equal to 56.00% of the Issue Date VWAP (the **First Optional Conversion Condition**); or
- (b) a Delisting Event applies in respect of the Optional Conversion Test Date (the **Second Optional Conversion Condition** and, together with the First Optional Conversion Condition, the **Optional Conversion Conditions**).

### 5.5 Conditions to Conversion occurring once elected by ANZ

If ANZ has given an Exchange Notice in which it has elected Conversion as the Exchange Method but, if the Exchange Date were a Relevant Date for the purposes of clause 4, either the Second Mandatory Conversion Condition or the Third Mandatory Conversion Condition would not be satisfied in respect of that date, then, notwithstanding any other provision of these CPS Terms:

- (a) the Exchange Date will be deferred until the first Dividend Payment Date on which the Mandatory Conversion Conditions would be satisfied if that Dividend Payment Date were a Relevant Date for the purposes of clause 4 (the **Deferred Conversion Date**);
- (b) ANZ must Convert the CPS on the Deferred Conversion Date (unless (without prejudice to clause 9.6) the CPS are earlier Exchanged in accordance with these CPS Terms); and
- (c) until the Deferred Conversion Date, all rights attaching to the CPS will continue as if the Exchange Notice had not been given.

ANZ will notify CPS Holders on or as soon as practicable after an Exchange Date in respect of which this clause 5.5 applies that Conversion did not occur on that Exchange Date (a **Deferred Conversion Notice**).

## 6 EARLY EXCHANGE ON CHANGE OF CONTROL EVENT

### 6.1 Notice of Change of Control Event

ANZ must notify CPS Holders of the occurrence of a Change of Control Event as soon as practicable after becoming aware of that event (a **Change of Control Event Notice**).

### 6.2 Exchange on occurrence of Change of Control Event

If a Change of Control Event occurs, ANZ must, subject to obtaining the prior written approval of APRA, Exchange all (but not some only) CPS on the Change of Control Exchange Date by notice to CPS Holders (a **Change of Control Exchange Notice**) in accordance with this clause 6 and clause 7 or clause 8 (as the case may be).

### 6.3 Contents of Change of Control Exchange Notice

A Change of Control Exchange Notice must specify:

- (a) the details of the Change of Control Event to which the Change of Control Exchange Notice relates;
- (b) the date on which Exchange is to occur (the **Change of Control Exchange Date**), which must be:
  - (i) if the Exchange Notice provides that CPS are to be Converted, the Business Day prior to the date reasonably determined by ANZ to be the last date on which holders of Ordinary Shares can participate in the bid or scheme concerned or such other earlier date as ANZ may reasonably determine having regard to the timing for implementation of the bid or scheme concerned; or
  - (ii) otherwise, no later than 35 Business Days after the date on which the Change of Control Event occurred, or in either case such later date as APRA may require;
- (c) the Exchange Method, which, subject to clause 5.4, must be either Conversion in accordance with clause 7 or Redemption in accordance with clause 8 as elected by ANZ;
- (d) if the Change of Control Exchange Notice provides that CPS are to be Redeemed, whether the Redemption Price is payable by way of redemption, buy-back or reduction of capital (or a combination of these methods); and
- (e) whether any Dividend or any amount under clause 8.3(a)(iii) will be paid on the Change of Control Exchange Date.

### 6.4 Where Change of Control Exchange Notice not required

Notwithstanding any other provision of clause 6.2 or clause 6.3, if APRA does not approve Redemption as the Exchange Method and ANZ is prevented from electing Conversion as the Exchange Method by clause 5.4, ANZ is not required to give a Change of Control Exchange Notice and the provisions of clause 6.5 will apply.

### 6.5 Deferred Exchange on Change of Control Event

If clause 6.4 applies or ANZ has given a Change of Control Exchange Notice in which it has elected Conversion as the Exchange Method but, if the Change of Control Exchange Date were a Relevant Date for the purposes of clause 4, either the Second Mandatory Conversion Condition or the Third Mandatory Conversion Condition would not be satisfied in respect of that date, then, notwithstanding any other provision of these CPS Terms:

- (a) the Change of Control Exchange Notice, if given, is taken to be revoked and Exchange will not occur on the Change of Control Exchange Date specified in the Change of Control Event Notice;
- (b) ANZ will notify CPS Holders as soon as practicable that Exchange will not (or, as the case may be, did not) occur (a **Deferred Change of Control Exchange Notice**); and
- (c) ANZ must, unless clause 6.4 then applies, give a Change of Control Exchange Notice (or, as the case may be, a new Change of Control Exchange Notice) on or before the 25th Business Day prior to the Dividend Payment Date immediately succeeding the date on which the Deferred Change of Control Exchange Notice was given.

The Change of Control Exchange Notice given in accordance with paragraph (c) above must:

- (a) specify the Exchange Method, which, subject to clause 5.4, must be either Conversion in accordance with clause 7 or Redemption in accordance with clause 8 as elected by ANZ; and
- (b) otherwise comply with clause 6.3.

If this clause 6.5 applies but:

- (i) clause 6.4 applies in respect of the Dividend Payment Date such that no Change of Control Exchange Notice (or, as the case may be, no new Change of Control Exchange Notice) is given under this clause 6.5; or
- (ii) a Change of Control Exchange Notice (or, as the case may be, a new Change of Control Exchange Notice) is given under this clause 6.5 but, if the Change of Control Exchange Date specified in the Change of Control Exchange Notice were a Relevant Date for the purpose of clause 4, either the Second Mandatory Conversion Condition or the Third Mandatory Conversion Condition would not be satisfied in respect of that date,

then this clause 6.5 will be reapplied in respect of each subsequent Dividend Payment Date until an Exchange occurs.

## 7 CONVERSION MECHANICS

### 7.1 Conversion

If ANZ elects to Convert CPS or must Convert CPS in accordance with these CPS Terms, then, subject to clause 13, the following provisions apply:

- (a) each CPS that is being Converted will Convert into one Ordinary Share on the Mandatory Conversion Date, the Exchange Date or the Change of Control Exchange Date (as the case may be);
- (b) each CPS Holder will be allotted, for no consideration, an additional number of Ordinary Shares for each CPS that is being Converted on the Mandatory Conversion Date, the Exchange Date or the Change of Control Exchange Date (as the case may be) equal to **one less than** the Conversion Number, where the Conversion Number (but subject to the Conversion Number being no more than the Maximum Conversion Number) is a number calculated according to the following formula:

$$\text{Conversion Number} = \frac{\text{Issue Price}}{97.5\% \times \text{VWAP}}$$

where:

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

- (c) if the total number of additional Ordinary Shares to be allotted to a CPS Holder in respect of their aggregate holding of CPS upon Conversion includes a fraction of an Ordinary Share, that fraction of an Ordinary Share will be disregarded;
- (d) a CPS, upon Conversion, confers all of the rights attaching to one Ordinary Share but these rights do not take effect until 5.00pm (Melbourne time) on the Mandatory Conversion Date, the Exchange Date or the Change of Control Exchange Date (as the case may be). At that time:
  - (i) all other rights conferred or restrictions imposed on that CPS under these CPS Terms will no longer have effect (except for rights relating to a Dividend which has been determined to be payable but has not been paid on or before the Mandatory Conversion Date, the Exchange Date or the Change of Control Exchange Date (as the case may be) 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 CPS or an issue, allotment or creation of a new Ordinary Share (other than the additional Ordinary Shares allotted under clause 7.1(b)).

## 7.2 Adjustments to VWAP

For the purposes of calculating VWAP in these CPS Terms:

- (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 CPS 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 that is not a dividend or other distribution under clause 7.2(a)(i) 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 which is not traded on ASX during the VWAP Period), the value of the entitlement as reasonably determined by the 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 CPS 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.

## 7.3 Adjustments to VWAP for capital reconstruction

Where the Ordinary Shares are reconstructed, consolidated, divided or reclassified (other than by way of a bonus issue, rights issue or other essentially *pro rata* issue) into a lesser or greater number of securities during the relevant VWAP Period, the VWAP shall be adjusted by ANZ as it considers appropriate to ensure that the CPS Holders are in an economic position in relation to their CPS that is as similar as reasonably practicable to the economic position prior to the occurrence of the event that gave rise to the need for the adjustment. Any adjustment made by ANZ will be effective and binding on CPS Holders under these CPS Terms and these CPS Terms will be construed accordingly. Any such adjustment must be promptly notified to all CPS Holders.

## 7.4 Adjustments to Issue Date VWAP

For the purposes of determining the Issue Date VWAP, adjustments to VWAP will be made in accordance with clause 7.2 and clause 7.3 during the VWAP Period for the Issue Date VWAP. On and from the Issue Date, adjustments to the Issue Date VWAP:

- (a) may be made in accordance with clauses 7.5, 7.6, 7.7, 7.8 or 7.9; and
- (b) if so made, will correspondingly affect the application of the Mandatory Conversion Conditions and the Optional Conversion Conditions, and cause an adjustment to the Maximum Conversion Number.

## 7.5 Adjustments to Issue Date VWAP for bonus and rights issues

- (a) Subject to clauses 7.5(b) and 7.5(c) below, if ANZ 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” or “RAPIDS” 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 Issue Date VWAP will be adjusted immediately in accordance with the following formula:

$$V = V_0 \times \frac{1}{P} \times \frac{(RD \times P) + (RN \times A)}{(RD + RN)}$$

where:

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

**V<sub>0</sub>** means the Issue Date VWAP 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 the 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 cum rights, bonus or other relevant issue trading, an amount reasonably determined by the Directors as representing the value of an Ordinary Shares cum the rights, bonus or other relevant issue);

**A** means the subscription or unit price per Ordinary Share for a rights 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 Issue Date VWAP will occur if A exceeds P.
- (c) Clause 7.5(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 7.5(a), an issue will be regarded as a *pro rata* issue notwithstanding that ANZ does not make offers to some or all holders of Ordinary Shares with registered addresses outside Australia, provided that in so doing ANZ is not in contravention of the ASX Listing Rules.

#### 7.6 Adjustment to Issue Date VWAP for off market buy-back

- (a) Subject to clause 7.6(b), if ANZ undertakes an off market buy-back under a scheme which but for restrictions on transfer would be generally available to holders of Ordinary Shares, the Issue Date VWAP will be adjusted immediately in accordance with the following formula:

$$V = V_0 \times \frac{1}{P} \times \frac{(BD \times P) - (BN \times A)}{(BD - BN)}$$

where:

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

**V<sub>0</sub>** means the Issue Date VWAP respectively applying immediately prior to the application of this formula;

**P** means the VWAP during the 20 Business Days prior to the announcement to the ASX of the buy-back;

**A** means the buy-back 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 buy-back.

- (b) No adjustment to the Issue Date VWAP will occur if P exceeds A.

#### 7.7 Adjustment to Issue Date VWAP for return of capital

If ANZ makes a *pro rata* return of capital to holders of Ordinary Shares, the Issue Date VWAP will be adjusted in accordance with the following formula:

$$V = V_0 \times \frac{(P - C)}{(P)}$$

where:

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

**V<sub>0</sub>** means the Issue Date VWAP 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 *cum* return of capital trading, an amount reasonably determined by the 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 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).

#### 7.8 Adjustment to Issue Date VWAP 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 Directors may if they consider it appropriate reconstruct the Issue Date VWAP in the same way as the exercise price of options over Ordinary Shares would be reconstructed in the same context, in accordance with the ASX Listing Rules (as they apply to ANZ). Each CPS Holder acknowledges that ANZ 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 CPS Holders or otherwise requiring any consent or concurrence.

### 7.9 Directors' sole discretion regarding adjustments to Issue Date VWAP

Despite the provisions of clauses 7.5 to 7.8, where:

- (a) the effect of any of the adjustment provisions set out in clauses 7.5 to 7.8 is not, in the reasonable opinion of the Directors, appropriate in any particular circumstances (including because more than one adjustment provision applies); or
- (b) any other event occurs in relation to ANZ that may have a dilutive or concentrative effect on the value of the Ordinary Shares, and, in the reasonable opinion of the Directors, such occurrence would have a dilutive or concentrative effect on the value of Ordinary Shares,

the Directors may (subject to APRA's prior written approval):

- (i) make such alterations to the Issue Date VWAP as they reasonably consider appropriate or necessary to compensate for that effect; or
- (ii) extend an entitlement to the CPS Holders to participate in such event based on the number of Ordinary Shares to which those CPS Holders would have been entitled if their CPS had been Converted on a date nominated by the Directors to compensate for that effect.

### 7.10 Announcement of adjustment to Issue Date VWAP

ANZ will notify CPS Holders (an **Adjustment Notice**) of any adjustment to the Issue Date VWAP under this clause 7 within 10 Business Days of ANZ determining the adjustment and the adjustment set out in the announcement will be final and binding.

### 7.11 Ordinary Shares

Each Ordinary Share issued or arising upon Conversion ranks *pari passu* with all other fully paid Ordinary Shares.

### 7.12 Foreign CPS Holders

Where CPS held by a Foreign CPS Holder are to be Converted, unless ANZ is satisfied that the laws of the Foreign CPS Holder's country of residence permit the issue of Ordinary Shares to the Foreign CPS Holder (but as to which ANZ is not bound to enquire), either unconditionally or after compliance with conditions which ANZ in its absolute discretion regards as acceptable and not unduly onerous, the Ordinary Shares which the Foreign CPS Holder is obliged to accept will be issued to a nominee who will sell those Ordinary 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 Foreign CPS Holder accordingly.

### 7.13 Listing Ordinary Shares issued on Conversion

ANZ shall use all reasonable endeavours to list the Ordinary Shares issued upon conversion of the CPS on ASX or the principal securities exchange on which its Ordinary Shares are then listed.

## 8 REDEMPTION MECHANICS

### 8.1 Redemption mechanics to apply to Redemption

If, subject to APRA's prior written approval, ANZ elects to Redeem CPS or must Redeem CPS in accordance with these CPS Terms, the provisions of this clause 8 apply to that Redemption.

### 8.2 Redemption

CPS will be Redeemed by payment on the Redemption Date, the Exchange Date or the Change of Control Exchange Date (as the case may be) of the Issue Price plus any amount payable under clause 8.3(a)(iii) (together, the **Redemption Price**) by way of redemption, buy-back, reduction of capital or any combination thereof to the CPS Holder.

### 8.3 Effect of Redemption on CPS Holders

On the Redemption Date, the Exchange Date or the Change of Control Exchange Date (as the case may be) the only right CPS Holders will have in respect of CPS will be to obtain the Redemption Price payable in accordance with these CPS Terms and upon payment of the Redemption Price, all other rights conferred, or restrictions imposed, by CPS will no longer have effect.

For the purposes of this clause 8:

- (a) where the Redemption involves a buy-back of CPS:

- (i) the Redemption Notice, the Exchange Notice or the Change of Control Exchange Notice (as the case may be) constitutes a buy-back offer for the Redemption Price payable on the relevant Redemption Date, Exchange Date or Change of Control Exchange Date (as the case may be);
- (ii) the CPS Holder must accept the buy-back offer for their CPS and will be deemed to have accepted that buy-back offer for CPS held by that CPS Holder to which the Redemption Notice, the Exchange Notice or the Change of Control Exchange Notice (as the case may be) relates on the date the Redemption Notice, the Exchange Notice or the Change of Control Exchange Notice (as the case may be) is given and will be deemed to have sold those CPS to ANZ free of all Encumbrances on the Redemption Date, the Exchange Date or the Change of Control Exchange Date (as the case may be);
- (iii) no Dividend is payable on CPS on the Redemption Date, the Exchange Date or the Change of Control Exchange Date (as the case may be), but the Directors may, in their absolute discretion, determine that the consideration payable for each CPS that is bought back will include an amount (in addition to the Issue Price) equal to a Dividend calculated in accordance with clause 3 for the Dividend Period ending on (but not including) the Redemption Date, the Exchange Date or the Change of Control Exchange Date (as the case may be);
- (iv) the buy-back agreement will be taken to include ANZ's undertaking in clause 3.8 (as qualified by clause 3.9); and
- (v) for the purposes of calculating the Redemption Price, any suspension of the right to receive a Dividend arising from the buy-back agreement under applicable law shall be disregarded; and
- (b) if the Redemption involves either or both a reduction of capital with respect to CPS and a cancellation of CPS and under applicable law CPS Holders are entitled to vote on a resolution to approve that reduction of capital or that cancellation, each CPS Holder agrees to vote in favour of that or those resolutions.

## 9 RESALE MECHANICS

### 9.1 Resale mechanics to apply to Resale

If ANZ elects to Resell CPS or must Resell CPS in accordance with these CPS Terms, the provisions of this clause 9 apply to that Resale.

### 9.2 Appointment of Nominated Purchaser

ANZ must appoint one or more Nominated Purchasers for the Resale on such terms as may be agreed between ANZ and the Nominated Purchaser. If ANZ appoints more than one Nominated Purchaser in respect of a Resale, all or any of the CPS held by a CPS Holder which are being Resold may be purchased by any one or any combination of the Nominated Purchasers, as determined by ANZ.

The obligation of a Nominated Purchaser to pay the aggregate purchase price on the Relevant Date or the Exchange Date (as the case may be) may be subject to conditions.

ANZ will reasonably endeavour, in light of the circumstances then existing, to minimise the conditionality of a Nominated Purchaser's obligation to pay the aggregate purchase price but gives no assurance as to the details of any such conditions.

### 9.3 Identity of Nominated Purchaser

ANZ may not appoint a person as a Nominated Purchaser unless that person:

- (a) has undertaken on such terms and subject to such conditions as ANZ reasonably determines for the benefit of each CPS Holder to acquire each CPS from the CPS Holder for the Issue Price on the Relevant Date or the Exchange Date (as the case may be);
- (b) has a long term counterparty credit rating from one of Standard & Poor's, Moody's or Fitch of not less than the rating assigned to CPS at that time by that rating agency; and
- (c) is not a Controlled Entity of ANZ (unless otherwise approved in writing by APRA).

### 9.4 Irrevocable offer to sell CPS

Each CPS Holder is taken irrevocably to offer to sell CPS the subject of that Resale to the Nominated Purchaser on the Relevant Date or the Exchange Date (as the case may be) for a cash amount equal to the Issue Price.

### 9.5 Effect of Resale

On the Relevant Date or the Exchange Date (as the case may be), subject to payment by the Nominated Purchaser of the Issue Price to the CPS Holders, all right, title and interest in such CPS (excluding the right to any Dividend payable on that date) will be transferred to the Nominated Purchaser on the Relevant Date or the Exchange Date (as the case may be).

## 9.6 CPS Terms after Resale

If CPS are Resold in accordance with these CPS Terms, unless otherwise agreed between ANZ and the Nominated Purchaser with the prior written approval of APRA, these CPS Terms will apply in all respects to the CPS held by the Nominated Purchaser on and from the Resale taking effect in accordance with these CPS Terms (including that the CPS will Convert in the hands of the Nominated Purchaser on the Mandatory Conversion Date if the Mandatory Conversion Conditions are satisfied in respect of that date or on any other date on which CPS are to be Converted in accordance with these CPS Terms).

Notwithstanding any other provision of these CPS Terms, after the CPS have been Resold, any provision of these CPS Terms as it relates to the CPS held by the Nominated Purchaser (including without limitation any term relating to Conversion) may be amended by agreement between the Nominated Purchaser and ANZ without the consent of any other CPS Holder but with the prior written approval of APRA. For the purposes of any such amendment, CPS held by:

- (a) a Nominated Purchaser and CPS held by other CPS Holders; and
  - (b) CPS held by different Nominated Purchasers,
- shall be treated as though they were separate classes of shares, so that without limitation:

- (i) where there is more than one Nominated Purchaser; or
- (ii) where CPS are held by a person other than a Nominated Purchaser,

then:

- (A) amendments may be made to the CPS held by a Nominated Purchaser; and
- (B) the CPS held by a Nominated Purchaser can be Redeemed or Converted,

in each case without the consent of or consideration for the interests of any CPS Holders other than the Nominated Purchaser the terms of whose CPS are being amended, Redeemed or Converted and without any corresponding amendment, Redemption or Conversion (as the case may be) to the CPS held by other CPS Holders.

## 9.7 Effect of failure by the Nominated Purchaser to pay

If a Nominated Purchaser does not pay the Issue Price to the CPS Holders on the Relevant Date or the Exchange Date (as the case may be) (a **Defaulting Nominated Purchaser**) (whether as a result of a condition to purchase not being satisfied or otherwise):

- (a) the Resale Notice or the Exchange Notice (as the case may be) as it relates to the Defaulting Nominated Purchaser will be void;
- (b) CPS will not be transferred to the Defaulting Nominated Purchaser;
- (c) in the case of a Resale Notice, CPS referable to the Defaulting Nominated Purchaser will not Convert into Ordinary Shares on that Relevant Date and the Mandatory Conversion Date:
  - (i) will be deemed not to have occurred on that Relevant Date; and
  - (ii) will occur on the next Relevant Date on which it is otherwise determined to occur in accordance with clause 4.2;
- (d) the CPS Holder will continue to hold those CPS until otherwise Redeemed, Converted or Resold in accordance with these CPS Terms; and
- (e) ANZ may, subject to APRA's prior written approval and without prejudice to any other rights of ANZ under these terms to elect an Exchange, elect to Exchange all (but not some) CPS referable to the Defaulting Nominated Purchaser on a date no later than 45 Business Days after the Relevant Date or the Exchange Date (as the case may be) (the **Deferred Exchange Date**) by giving another Exchange Notice in accordance with clause 5.1 at least 25 Business Days prior to the Deferred Exchange Date. In these circumstances, the date on which the Exchange is to occur for the purposes of clause 5.2(b) will be the Deferred Exchange Date.

## 10 CPS GENERAL RIGHTS

### 10.1 Ranking with respect to dividends

The CPS rank in respect of payment of dividends:

- (a) senior to Ordinary Shares and other instruments or securities of ANZ that rank or are expressed to rank junior to the CPS;
- (b) equally among themselves and with all Equal Ranking Instruments; and
- (c) junior to any securities or instruments that rank senior to the CPS and to all ANZ's debts and liabilities to its depositors and all other creditors, other than indebtedness that by its terms ranks equally with or junior to the CPS,

in each case of (a), (b) and (c), in respect of payment of dividends.

## 10.2 Ranking in a winding-up

- (a) In a winding-up of ANZ, a CPS confers upon the CPS Holder the right to payment in cash of the Liquidation Sum out of the surplus (if any) available for distribution to shareholders, but no further or other right to participate in the assets of ANZ on a return of capital in the winding-up.
- (b) CPS Holders will rank for payment of the Liquidation Sum in a winding-up of ANZ:
  - (i) in priority to Ordinary Shares and other securities that ANZ has issued or may issue that by their terms rank junior to the CPS;
  - (ii) equally among themselves and with all Equal Ranking Instruments; and
  - (iii) junior to any securities or instruments that rank senior to the CPS and to all ANZ's debts and liabilities to its depositors and all other creditors, other than indebtedness that by its terms ranks equally with or junior to the CPS in a winding-up,
 in each case of (i), (ii) and (iii), with respect to priority of payment in a winding-up.
- (c) The **Liquidation Sum** is an amount out of surplus assets equal to \$100 plus the amount of any Dividend (including any Optional Dividend) determined to be paid but unpaid.

## 10.3 Further issues not to vary class rights

The allotment or issue of preference shares (including further CPS), or the conversion of existing shares into preference shares, ranking junior to, equally with or, (to the maximum extent permitted by the Constitution) senior to the CPS then on issue for participation in profits or assets of ANZ, and whether entitled to cumulative or non-cumulative dividends, or a redemption, buy-back or return or distribution of capital in respect of any share capital other than a CPS, whether ranking junior to, equally with, or senior to, the CPS, is expressly permitted and authorised by these CPS Terms and does not constitute a modification or variation of the rights or privileges to the CPS then on issue.

## 10.4 Calculation and rounding of payments

Unless otherwise specified in these CPS Terms:

- (a) all calculations of amounts payable in respect of a CPS will be rounded to four decimal places; and
- (b) for the purposes of making payment to a CPS Holder in respect of the CPS Holder's aggregate holding of CPS, any fraction of a cent will be disregarded.

## 10.5 No set-off or offsetting rights

A CPS Holder:

- (a) may not exercise any right of set-off against ANZ in respect of any claim by ANZ against that CPS Holder; and
- (b) will have no offsetting rights or claims on ANZ if ANZ does not pay a Dividend when scheduled under CPS.

## 10.6 No security

CPS are unsecured.

## 10.7 Shortfall on winding-up

If, upon a return of capital on a winding-up of ANZ, there are insufficient funds to pay in full the Liquidation Sum and the amounts payable in respect of any other instruments in ANZ ranking equally with CPS on a winding-up of ANZ, CPS Holders and the holders of any such other instruments will share in any distribution of assets of ANZ in proportion to the amounts to which they are entitled respectively.

## 10.8 No participation in surplus assets

CPS do not confer on the CPS Holders any further right to participate in the surplus assets of ANZ on a winding-up beyond payment of the Liquidation Sum.

## 10.9 Power of attorney

- (a) Each CPS Holder appoints each of ANZ, its officers and any External Administrator of ANZ (each an **Attorney**) severally to be the attorney of the CPS Holder with power in the name and on behalf of the CPS Holder to sign all documents and transfers and do any other thing as may in the Attorney's opinion be necessary or desirable to be done in order for the CPS Holder to observe or perform the CPS Holder's obligations under these CPS Terms including, but not limited to, accepting any buy-back offer, effecting any transfers of CPS, making any entry in the Register or exercising any voting power in relation to any consent or approval required for Conversion, Redemption or Resale or in respect of an Approved NOHC Event.

- (b) The power of attorney given in this clause 10.9 is given for valuable consideration and to secure the performance by the CPS Holder of the CPS Holder's obligations under these CPS Terms and is irrevocable.

#### 10.10 CPS Holder acknowledgments

Each CPS Holder irrevocably:

- (a) upon Conversion of a CPS in accordance with clause 7, consents to becoming a member of ANZ and agrees to be bound by the Constitution (or, where an Approved NOHC Substitution Notice has been given, consents to becoming a member of that Approved NOHC and agrees to be bound by its constitution);
- (b) acknowledges and agrees that an Approved NOHC may be substituted for ANZ as provider of ordinary shares on Conversion and that if such a substitution is effected, the CPS Holder is obliged to accept ordinary shares in that Approved NOHC on a Conversion, and will not receive Ordinary Shares;
- (c) acknowledges and agrees that any amendment made in accordance with clause 16.1(g) to effect the substitution of an Approved NOHC as the issuer of ordinary shares on Conversion or in accordance with clause 9.6 will not constitute a variation of any class rights attaching to CPS;
- (d) acknowledges and agrees that it is obliged to accept ordinary shares upon a Conversion notwithstanding anything that might otherwise affect a Conversion of CPS including:
  - (i) any change in the financial position of ANZ or any Approved NOHC since the Issue Date;
  - (ii) any disruption to the market or potential market for the ordinary shares or to capital markets generally; or
  - (iii) any breach by ANZ or any Approved NOHC of any obligation in connection with CPS;
- (e) acknowledges and agrees that the only conditions to Conversion are the Mandatory Conversion Conditions or the Optional Conversion Conditions (as the case may be) and that no other conditions or events will affect Conversion except as expressly provided by these CPS Terms;
- (f) agrees to provide to ANZ any information necessary to give effect to a Conversion and, if applicable, to surrender any certificate relating to the CPS on the occurrence of the Conversion; and
- (g) acknowledges and agrees that a CPS Holder has no right to request an Exchange.

#### 10.11 On-market buy-backs

Subject to APRA's prior written approval, ANZ may buy-back CPS at any time and at any price by an on-market buy-back.

#### 10.12 No other rights

- (a) CPS do not confer on CPS Holders any right to participate in profits or property of ANZ except as set out in these CPS Terms.
- (b) CPS do not confer on CPS Holders any right to subscribe for new securities in ANZ or to participate in any bonus issues of securities of ANZ.

## 11 VOTING AND OTHER RIGHTS

### 11.1 Meetings

In accordance with the Constitution, a CPS Holder will have the same rights as the holders of Ordinary Shares with respect to receiving notices of general meetings and financial reports and attending ANZ's general meetings.

### 11.2 Voting rights

- (a) A CPS Holder shall have the right to speak and vote at a meeting of members of ANZ in the following circumstances and in no others:
  - (i) on any proposal to reduce ANZ's share capital, other than a resolution to approve a Redemption of the CPS;
  - (ii) on a proposal that affects the rights attached to the CPS;
  - (iii) on any resolution to approve the terms of a buy-back agreement, other than a resolution to approve a Redemption of CPS;
  - (iv) on a proposal to wind up ANZ;
  - (v) on a proposal for the disposal of the whole of ANZ's property, business and undertaking;
  - (vi) on any matter during a winding up of ANZ; and
  - (vii) on any matter during a period in which a Dividend remains unpaid.

- (b) On a resolution or proposal on which a CPS Holder is entitled to vote under this clause, the CPS Holder has:
  - (i) on a show of hands, one vote; and
  - (ii) on a poll, one vote for each CPS held.

### 11.3 Not a “voting share”

Each CPS Holder acknowledges and agrees that a CPS will not constitute a “voting share” for the purposes of the Corporations Act.

### 11.4 No vote on NOHC Event

To the maximum extent permitted by law, a CPS Holder has no right to vote on any proposal to approve, implement or give effect to a NOHC Event. If applicable law entitles a CPS Holder to vote on a proposal to approve, implement or give effect to a NOHC Event, each CPS Holder will vote in favour of any resolution to approve, implement or give effect to the NOHC Event.

### 11.5 No right to apply for the winding-up of ANZ

Each CPS Holder acknowledges and agrees that a CPS Holder has no right to apply for ANZ to be wound up, or placed in administration, or to cause a receiver, or a receiver and manager, to be appointed in respect of ANZ merely on the grounds that ANZ does not pay a Dividend when scheduled in respect of CPS.

### 11.6 No events of default

Each CPS Holder acknowledges and agrees that these CPS Terms contain no events of default. Accordingly (but without limitation) failure to pay in full, for any reason, a Dividend on the scheduled Dividend Payment Date will not constitute an event of default.

## 12 TAKEOVERS AND SCHEMES OF ARRANGEMENT

If:

- (a) a takeover bid is made for Ordinary Shares, acceptance of which is recommended by the Directors; or
- (b) the Directors recommend a scheme of arrangement in respect of the Ordinary Shares of ANZ which will result in a person other than ANZ having a relevant interest in more than 50% of the Ordinary Shares,

in each case which would result in an Acquisition Event then, if the Directors consider that APRA will not approve Exchange of CPS in accordance with clause 5 or clause 6, or the Second Mandatory Conversion Condition or the Third Mandatory Conversion Condition will not be satisfied in respect of the Change of Control Exchange Date in accordance with clause 6, the Directors will use all reasonable endeavours to procure that equivalent takeover offers are made to CPS Holders or that they are entitled to participate in the scheme of arrangement or a similar transaction.

## 13 APPROVED NOHC EVENTS

### 13.1 ANZ may give Approved NOHC Substitution Notice

If:

- (a) an Approved NOHC Event is proposed to occur; and
- (b) the Approved NOHC agrees for the benefit of CPS Holders:
  - (i) to deliver Approved NOHC Ordinary Shares under all circumstances when ANZ would have otherwise been obliged to deliver Ordinary Shares on a Conversion, subject to the same terms and conditions as set out in these CPS Terms as amended by this clause 13; and
  - (ii) to use all reasonable endeavours and furnish all such documents, information and undertakings as may be reasonably necessary in order to procure quotation of all Approved NOHC Ordinary Shares issued under these CPS Terms (with all necessary modifications) on the securities exchanges on which the other Approved NOHC Ordinary Shares are quoted at the time of a Conversion,

ANZ may give a notice (an **Approved NOHC Substitution Notice**) to CPS Holders (which, if given, must be given as soon as practicable before the Approved NOHC Event and in any event no later than 10 Business Days before the Approved NOHC Event occurs) specifying the amendments to these CPS Terms which will be made in accordance with clause 16.1(f) to effect the substitution of an Approved NOHC as the issuer of ordinary shares on Conversion (the **Approved NOHC Substitution Terms**).

An Approved NOHC Substitution Notice, once given, is irrevocable.

### 13.2 Consequences of Approved NOHC Substitution Notice

If ANZ gives an Approved NOHC Substitution Notice to CPS Holders in accordance with clause 13.1, the Approved NOHC Substitution Terms will have effect on and from the date specified in the Approved NOHC Substitution Notice.

## 14 NOTICES

### 14.1 Notices to CPS Holders

Except where otherwise provided in these CPS Terms, a notice may be given by ANZ to a CPS Holder in any manner prescribed by the Constitution for giving notices to members of ANZ and the relevant provisions apply with all necessary modifications to notices to CPS Holders.

### 14.2 Delivery of certain notices

A Non-Conversion Notice, a Deferred Conversion Notice, a Deferred Change of Control Exchange Notice, an Exchange Notice, a Redemption Notice, a Resale Notice, a Change of Control Event Notice, a Change of Control Exchange Notice, an Adjustment Notice, an Approved NOHC Substitution Notice and an ANZ Details Notice may each be given to CPS Holders by ANZ publishing the notice on its website and announcing the publication of the notice to ASX.

### 14.3 Non-receipt of notices by CPS Holders

The non-receipt of a notice by a CPS Holder or an accidental omission to give notice to a CPS Holder will not invalidate the giving of that notice either in respect of that CPS Holder or generally.

### 14.4 Notices to ANZ

All notices or other communications to ANZ in respect of these CPS Terms must be:

- (a) in legible writing or typing and in English;
- (b) addressed as shown below:
 

Attention: Company Secretary  
Australia and New Zealand Banking Group Limited

Address: Level 14  
100 Queen Street  
Melbourne 3000  
Victoria  
Australia

Fax No: +61 3 9273 6142,

or to such other address or fax number as ANZ notifies to CPS Holders as its address or fax number (as the case may be) for notices or other communications in respect of these CPS Terms from time to time (an **ANZ Details Notice**);
- (c) signed by the person making the communication or by a person duly authorised by that person; and
- (d) delivered or posted by prepaid post to the address, or sent by fax to the fax number, of ANZ in accordance with clause 14.4(b).

A notice to ANZ will be taken to be received:

- (i) if sent by fax, when actually received in its entirety in legible form, unless that day is not a Business Day, or is after 5.00pm (Melbourne time) on a Business Day, in which case that communication will be regarded as received at 9.00am (Melbourne time) on the next Business Day; and
- (ii) in any other case, on delivery at the address of ANZ as provided in clause 14.4, unless that delivery is not made on a Business Day, or is after 5.00pm (Melbourne time) on a Business Day, in which case that communication will be regarded as received at 9.00am (Melbourne time) on the next Business Day.

### 14.5 Notices and reports

Each CPS Holder is entitled to receive notice of any general meeting of ANZ and a copy of every circular and like document sent out by ANZ to Ordinary Shareholders and to attend general meetings of ANZ.

## 15 PAYMENTS

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### 15.1 Manner of payment to CPS Holders

The Constitution contains provisions relating to payments in respect of shares and the relevant provisions apply (with all necessary modifications) in respect of each payment on the CPS.

### 15.2 Payment to joint CPS Holders

A payment to any one of joint CPS Holders will discharge ANZ's liability in respect of the payment.

## 16 AMENDMENT OF THESE CPS TERMS

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### 16.1 Amendment without consent

Subject to complying with all applicable laws and with APRA's prior written approval, ANZ may amend these CPS Terms without the authority, assent or approval of CPS Holders where the amendment in the reasonable opinion of ANZ:

- (a) is made to correct a manifest error;
- (b) is of a formal, minor or technical nature;
- (c) is necessary to comply with any law, the provisions of any statute or the requirements of any statutory authority;
- (d) is made in accordance with ANZ's adjustment rights in clause 7;
- (e) is made in accordance with clause 9.6;
- (f) is expedient for the purpose of enabling CPS to be listed or to remain listed on a stock exchange or lodged in a clearing system or to remain lodged in a clearing system or to be offered for sale or for subscription under the laws for the time being in force in any place;
- (g) is necessary and appropriate to effect the substitution of an Approved NOHC as the provider of the ordinary shares on Conversion in the manner contemplated by these CPS Terms, including without limitation amendments and additions to:
  - (i) the definition of "Conversion" and the mechanics to effect that Conversion in clause 7;
  - (ii) the definition of "Conversion Number" in clause 7, the inputs into that Conversion Number and the mechanics for adjusting that Conversion Number; and
  - (iii) the definition of "ANZ Group", "Acquisition Event", "Change of Control Event", "Regulatory Event" and "Tax Event"; or
- (h) in any other case, will not materially adversely affect the rights of CPS Holders as a whole.

### 16.2 Amendment with consent

Without limiting clause 16.1, ANZ may, with APRA's prior written approval, amend these CPS Terms if the amendment has been approved by a Special Resolution.

### 16.3 Meanings

In this clause 16 and in clause 9.6, **amend** includes modify, cancel, alter or add to and **amendment** has a corresponding meaning.

## 17 QUOTATION ON ASX

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ANZ must use all reasonable endeavours and furnish all such documents, information and undertakings as may be reasonably necessary in order to procure, at its own expense, quotation of CPS on ASX.

## 18 GOVERNING LAW

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The CPS and these CPS Terms are governed by and shall be construed in accordance with the laws of the State of Victoria, Australia.

## 19 INTERPRETATION AND DEFINITIONS

### 19.1 Interpretation

- (a) Unless the context otherwise requires, if there is any inconsistency between the provisions of these CPS Terms and the Constitution then, to the maximum extent permitted by law, the provisions of these CPS Terms will prevail.
- (b) Unless otherwise specified, the Directors may exercise all powers of ANZ under these CPS Terms as are not, by the Corporations Act or by the Constitution, required to be exercised by ANZ in general meeting.
- (c) Unless otherwise specified, a reference to a clause is a reference to a clause of these CPS Terms.
- (d) If a calculation is required under these CPS Terms, unless the contrary intention is expressed, the calculation will be rounded to four decimal places.
- (e) Subject to clause 19.1(a), definitions and interpretation under the Constitution will also apply to these CPS Terms unless the contrary intention is expressed.
- (f) Any provisions which refer to the requirements of APRA or any other prudential regulatory requirements will apply to ANZ only if ANZ is an entity, or the holding company of an entity, or is a direct or indirect Subsidiary of a NOHC, subject to regulation and supervision by APRA at the relevant time.
- (g) Any provisions which require APRA's consent or approval will apply only if APRA requires that such consent or approval be given at the relevant time.
- (h) Any provisions in these CPS Terms requiring the prior approval of APRA for a particular course of action to be taken by ANZ do not imply that APRA has given its consent or approval to the particular action as of the Issue Date.
- (i) The terms takeover bid, relevant interest, scheme of arrangement, buy-back and on-market buy-back when used in these CPS Terms have the meaning given in the Corporations Act.
- (j) Headings and boldings are for convenience only and do not affect the interpretation of these CPS Terms.
- (k) The singular includes the plural and vice versa.
- (l) 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.
- (m) If an event under these CPS Terms must occur on a stipulated day which is not a Business Day, then the stipulated day will be taken to be the next Business Day.
- (n) A reference to dollars, A\$, \$ or cents is a reference to the lawful currency of Australia.
- (o) A reference to a term defined by the ASX Listing Rules, the ASX Market Rules or the settlement rules of ASTC shall, if that term is replaced in those rules, be taken to be a reference to the replacement term.
- (p) Calculations, elections and determinations made by ANZ under these CPS Terms are binding on CPS Holders in the absence of manifest error.

### 19.2 Definitions

**2003 Trust Securities** means the US\$350,000,000 of trust securities issued by ANZ Capital Trust I and the US\$750,000,000 of trust securities issued by ANZ Capital Trust II in 2003, representing beneficial interests in stapled securities, each stapled security representing a fully paid note issued by Sampson Funding Limited and guaranteed on a subordinated basis by ANZ stapled to a fully paid preference share issued by ANZ.

**2004 Trust Securities** means the €500,000,000 of trust securities issued by ANZ Capital Trust III in 2004 representing beneficial interests in stapled securities, each stapled security representing a fully paid note issued by ANZ Jackson Funding PLC and guaranteed on a subordinated basis by ANZ stapled to a fully paid preference share issued by ANZ.

**2007 Stapled Securities** means the £450,000,000 of stapled securities issued by ANZ in 2007, each comprising a fully paid subordinated note issued by ANZ New York Branch stapled to a fully paid preference share issued by ANZ.

**Acquisition Event** means:

- (a) a takeover bid (as defined in the Corporations Act) is made to acquire all or some of the Ordinary Shares and such offer is, or becomes, unconditional and either:
  - (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 directors of ANZ, acting as a board, issue a statement that at least a majority of its directors who are eligible to do so have recommended acceptance of such offer (in the absence of a higher 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:

- (i) all classes of members of ANZ pass all resolutions required to approve the scheme by the majorities required under the Corporations Act to approve the scheme; and
- (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.

Notwithstanding the foregoing, none of the events described above will constitute an Acquisition Event if the event would be a NOHC Event and:

- (a) the acquirer (or its ultimate holding company) assumes all of ANZ's obligations to convert the CPS into Ordinary Shares by undertaking to convert such CPS into ordinary shares of the acquirer (or its ultimate holding company) on any Mandatory Conversion Date (or earlier upon the occurrence of a Change of Control Event in respect of the acquirer (or its ultimate holding company) (for which purposes all references in this clause to ANZ will be read as a reference to the acquirer (or its ultimate holding company))); and
- (b) the ordinary shares of the acquirer (or its ultimate holding company) are listed on ASX.

**Adjustment Notice** has the meaning given in clause 7.10.

**ANZ** means Australia and New Zealand Banking Group Limited (ABN 11 005 357 522).

**ANZ Details Notice** has the meaning given in clause 14.4.

**ANZ Group** means ANZ and its controlled entities.

**ANZ Level 1 Group** means ANZ and those of its controlled entities included by APRA from time to time in the calculation of ANZ's Prudential Capital Ratio and Tier 1 Capital Ratio on a Level 1 basis.

**ANZ Level 2 Group** means ANZ together with each related entity included by APRA from time to time in the calculation of ANZ's Prudential Capital Ratio and Tier 1 Capital Ratio on a Level 2 basis.

**ANZ Shares** means Ordinary Shares or any other shares in the capital of ANZ.

**Approved NOHC** means a NOHC arising as a result of an Approved NOHC Event.

**Approved NOHC Event** means a NOHC Event in respect of which the proviso to the definition of "Acquisition Event" is satisfied.

**Approved NOHC Ordinary Share** means a fully paid ordinary share in the capital of the Approved NOHC.

**Approved NOHC Substitution Notice** has the meaning given in clause 13.1.

**Approved NOHC Substitution Terms** has the meaning given in clause 13.1.

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

**APRA Condition** means, with respect to a Dividend payment on the CPS on a Dividend Payment Date or an Optional Dividend payment:

- (a) unless APRA otherwise approves in writing:
  - (i) making the Dividend payment or the Optional Dividend payment on the CPS on the payment date would result in the Prudential Capital Ratio or the Tier 1 Capital Ratio of ANZ (on a Level 1 basis) or of the ANZ Group (on a Level 2 basis or, if applicable, Level 3 basis) not complying with APRA's then current capital adequacy guidelines as they are applied to ANZ or the ANZ Group (as the case may be) at the time; or
  - (ii) the Dividend payment or the Optional Dividend payment on the CPS on the payment date would exceed Distributable Profits as at the Record Date for the Dividend payment or the Optional Dividend payment;
- (b) making the Dividend payment or the Optional Dividend payment would result in ANZ becoming, or being likely to become, insolvent for the purposes of the Corporations Act; or
- (c) APRA objecting to the Dividend payment or the Optional Dividend payment on the CPS on the payment date.

**ASTC** means ASX Settlement and Transfer Corporation Pty Ltd (ABN 49 008 504 532) or any successor.

**ASX** means ASX Limited (ABN 98 008 624 691) or the securities market operated by it, as the context requires, or any successor.

**ASX Listing Rules** means the listing rules of ASX as amended, varied or waived (whether in respect of ANZ or generally) from time to time.

**ASX Market Rules** means the market rules of ASX as amended, varied or waived (whether in respect of ANZ or generally) from time to time.

**Attorney** has the meaning given in clause 10.9.

**Bank Bill Rate** has the meaning given in clause 3.1.

**Bookbuild** means the process conducted prior to the opening of the Offer whereby certain investors lodge bids for CPS and, on the basis of those bids, ANZ and the joint lead managers to the Offer determine the Margin.

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

**Change of Control Event** means where both an Acquisition Event and one of the following has occurred:

- (a) in the case of an Acquisition Event occurring because of a takeover bid, all regulatory approvals necessary for the acquisition to occur have been obtained; and
- (b) in the case of an Acquisition Event occurring because of a scheme of arrangement, all conditions to the implementation of the scheme, including any necessary regulatory or shareholder approvals (but not including approval of the scheme by the court) have been satisfied or waived.

For the avoidance of doubt, a Change of Control Event will not occur where the proviso to the definition of Acquisition Event applies.

**Change of Control Event Notice** has the meaning given in clause 6.1.

**Change of Control Exchange Date** has the meaning given in clause 6.3.

**Change of Control Exchange Notice** has the meaning given in clause 6.2.

**CHES** means the Clearing House Electronic Subregister System operated by ASTC.

**Constitution** means the constitution of ANZ as amended from time to time.

**Control** has the meaning given in the Corporations Act.

**Controlled Entity** means, in respect of ANZ, an entity ANZ Controls.

**Conversion** means, in relation to a CPS, subject to amendment in accordance with clause 16.1(d), the taking effect of the rights specified in clause 7 in relation to that CPS and **Convert** and **Converted** have corresponding meanings.

**Conversion Number** has the meaning given in clause 7.1.

**Corporations Act** means the Corporations Act 2001 (Cth).

**CPS** has the meaning given in clause 1.1.

**CPS Holder** means a person whose name is registered in the Register as the holder of a CPS.

**CPS Terms** means these terms of issue of CPS.

**Cum Value** has the meaning given in clause 7.2.

**Defaulting Nominated Purchaser** has the meaning given in clause 9.7.

**Deferred Change of Control Exchange Notice** has the meaning given in clause 6.5.

**Deferred Conversion Date** has the meaning given in clause 5.5.

**Deferred Conversion Notice** has the meaning given in clause 5.5.

**Deferred Exchange Date** has the meaning given in clause 9.7.

**Deferred Redemption Date** has the meaning given in clause 4.5.

**Delisting Event** means, in respect of a date, that:

- (a) Ordinary Shares ceased to be listed or admitted to trading on ASX on or before that date (and where the cessation occurred before that date, Ordinary Shares continue not to be listed or admitted to trading on that date); or
- (b) trading of Ordinary Shares on ASX is suspended for a period of consecutive days which includes:
  - (i) at least five consecutive Business Days prior to that date; and
  - (ii) that date.

**Directors** means some or all of the directors of ANZ acting as a board.

**Distributable Profits** means the lesser of:

- (a) A – B; and
- (b) C – D,

where:

**“A”** is the aggregate of the consolidated net profits after income tax of the ANZ Level 2 Group (determined before any interest, dividends or distributions paid or payable by a member of the ANZ Level 2 Group on its Upper Tier 2 Capital and Tier 1 Capital) for the immediately preceding two six-monthly financial periods for which results have been publicly announced (or any other amount as determined by APRA in its discretion to be appropriate in ANZ’s circumstances on a Level 2 basis for the purposes of paying interest, dividends or distributions on the Tier 1 Capital and Upper Tier 2 Capital of the ANZ Level 2 Group);

**“B”** is the aggregate amount of interest, dividends, distributions or other amounts paid, determined to be paid or liable to be paid by a member of the ANZ Level 2 Group in the 12 months to and including the applicable Dividend Payment Date on:

- (a) the CPS; and
  - (b) any other Tier 1 Capital or Upper Tier 2 Capital security of the ANZ Level 2 Group to the extent interest, dividends or distributions on those securities are funded by a member of the ANZ Level 2 Group or by instruments of the ANZ Level 2 Group,
- but excluding:
- (i) any dividends payable in relation to the CPS on the applicable Dividend Payment Date; and
  - (ii) any such interest, dividend, distribution or other amount to which a member of the ANZ Level 2 Group was or is beneficially entitled;

**“C”** is the net profit after income tax of the ANZ Level 1 Group (determined before any interest, dividends or distributions paid or payable by the ANZ Level 1 Group on its Upper Tier 2 Capital and Tier 1 Capital) for the period referred to in “A” above (or any other amount as determined by APRA in its discretion to be appropriate in the ANZ’s circumstances on a Level 1 basis for the purposes of paying interest, dividends or distributions on the ANZ Level 1 Group’s Tier 1 Capital or Upper Tier 2 Capital); and

**“D”** is the aggregate amount of interest, dividends, distributions or other amounts paid, determined to be paid or liable to be paid:

- (a) by a member of the ANZ Level 1 Group in the twelve months to and including the applicable Dividend Payment Date on:
    - (i) the CPS; and
    - (ii) any other Tier 1 Capital or Upper Tier 2 Capital security of the ANZ Level 1 Group to the extent interest, dividends, distributions and other amounts on those securities are funded by a member of the ANZ Level 1 Group; and
  - (b) on any other securities determined by APRA in its discretion to be appropriate for inclusion as Tier 1 Capital or Upper Tier 2 Capital on a Level 1 basis,
- but excluding:
- (i) interest or dividends payable in relation to the CPS on the applicable Dividend Payment Date; and
  - (ii) any such interest, dividend, distribution or other amount to which a member of the ANZ Level 1 Group was or is beneficially entitled.

**Dividend** has the meaning given in clause 3.1.

**Dividend Payment Date** has the meaning given in clause 3.5 whether or not a Dividend is, or is able to be, paid on that date.

**Dividend Period** means in respect of:

- (a) the first Dividend Period, the period from (and including) the Issue Date until (but not including) the first Dividend Payment Date following the Issue Date; and
- (b) each subsequent Dividend Period, the period from (and including) the preceding Dividend Payment Date until (but not including) the next Dividend Payment Date.

**Dividend Rate** has the meaning given in clause 3.1.

**Encumbrance** means any mortgage, pledge, charge, lien, assignment by way of security, hypothecation, security interest, title retention, preferential right or trust arrangement, any other security agreement or security arrangement and any other arrangement of any kind having the same effect as any of the foregoing other than liens arising by operation of law.

**Equal Ranking Instruments** means, in respect of the payment of dividends or the return of capital in a winding up:

- (a) the preference shares comprised in the 2003 Trust Securities;
- (b) the preference shares comprised in the 2004 Trust Securities;
- (c) the preference shares comprised in the 2007 Stapled Securities;
- (d) each other preference share that ANZ may issue that ranks or is expressed to rank equally with the foregoing and the CPS in respect of dividend or for the return of capital in a winding up of ANZ (as the case may be); and
- (e) any securities or other instruments that rank or are expressed to rank in respect of dividend or for the return of capital in a winding up (as the case may be) equally with those preference shares and the CPS.

**Exchange** means:

- (a) in respect of an Exchange under clause 6, Conversion in accordance with and subject to clause 7 or Redemption in accordance with and subject to clause 8; or
- (b) otherwise, Conversion in accordance with and subject to clause 7, Redemption in accordance with and subject to clause 8 or Resale in accordance with and subject to clause 9,

and **Exchanged** has a corresponding meaning.

**Exchange Date** has the meaning given in clause 5.2(b).

**Exchange Method** has the meaning given in clause 5.3.

**Exchange Notice** has the meaning given in clause 5.1.

**External Administrator** means, in respect of a person:

- (a) a liquidator, a provisional liquidator, an administrator or a statutory manager of that person; or
- (b) a receiver, or a receiver and manager, in respect of all or substantially all of the assets and undertaking of that person,

or in either case any similar official.

**First Mandatory Conversion Condition** has the meaning given in clause 4.3.

**First Optional Conversion Condition** has the meaning given in clause 5.4.

**First Test Date** has the meaning given in clause 4.3.

**Fitch** means Fitch Australia Pty Ltd (ACN 081 339 184) or any successor.

**Foreign CPS Holder** means a CPS Holder whose address in the Register is a place outside Australia or who ANZ otherwise believes may not be a resident of Australia.

**Franking Rate** (expressed as a decimal) means 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 franking account of ANZ as at the relevant Dividend Payment Date.

**Initial Mandatory Conversion Date** has the meaning given in clause 4.2.

**Issue Date** means the date on which CPS are issued.

**Issue Date VWAP** means the VWAP during the period of 20 Business Days on which trading in Ordinary Shares took place immediately preceding (but not including) the first date on which any CPS were issued, as adjusted in accordance with clauses 7.5 to 7.9.

**Issue Price** has the meaning given in clause 1.2.

**Level 1, Level 2 and Level 3** means those terms as defined by APRA from time to time.

**Liquidation Sum** has the meaning given in clause 10.2(c).

**Mandatory Conversion** means the mandatory conversion under clause 4 of CPS to Ordinary Shares on the Mandatory Conversion Date.

**Mandatory Conversion Conditions** has the meaning given in clause 4.3.

**Mandatory Conversion Date** has the meaning given in clause 4.2.

**Margin** has the meaning given in clause 3.1.

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

$$\text{Maximum Conversion Number} = \frac{\text{Issue Price}}{\text{Issue Date VWAP} \times 0.5}$$

**Moody's** means Moody's Investors Service Pty Limited (ACN 003 399 657) or any successor.

**NOHC** means the ultimate holding company of ANZ after a NOHC Event which must be a "non-operating holding company" within the meaning of the *Banking Act 1959* (Cth).

**NOHC Event** means an event which:

- (a) is initiated by the Directors, acting as a board; and
- (b) would otherwise be an Acquisition Event,

but the result of which would be that the person who would be the ultimate holding company of ANZ would be a NOHC.

**Nominated Purchaser** means, subject to clause 9.3, with respect to a Resale, one or more third parties selected by ANZ in its absolute discretion.

**Non-Conversion Notice** has the meaning given in clause 4.4.

**Non-Innovative Residual Tier 1 Capital** has the meaning given by APRA from time to time.

**Non-marketable Parcel** has the meaning given in the Constitution.

**Offer** means the invitation under the Prospectus made by ANZ for persons to subscribe for CPS.

**Optional Conversion Conditions** has the meaning given in clause 5.4.

**Optional Conversion Test Date** has the meaning given in clause 5.4.

**Optional Dividend** has the meaning given in clause 3.8.

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

**Ordinary Shareholder** means a person whose name is registered as the holder of an Ordinary Share.

**Prospectus** means the prospectus for the Offer including these CPS Terms.

**Prudential Capital Ratio** means that ratio as defined by APRA from time to time.

**Record Date** means for payment of:

- (a) a Dividend:
  - (i) the date which is 11 Business Days before the Dividend Payment Date for that Dividend; or
  - (ii) such other date as is determined by the Directors in their absolute discretion and communicated to ASX not less than seven Business Days before the specified Record Date; and
- (b) an Optional Dividend, the date determined by the Directors which falls prior to the date for payment of the Optional Dividend,

or in either case such other date as may be required by ASX.

**Redeem** means, in relation to a CPS, redeem, buy-back (other than an on-market buy-back within the meaning of the Corporations Act) or reduce capital, or any combination of such activities, in connection with that CPS in accordance with clause 8, and **Redeemed**, **Redeemable** and **Redemption** have the corresponding meanings.

**Redemption Date** has the meaning given in clause 4.6.

**Redemption Notice** has the meaning given in clause 4.5(a).

**Redemption Price** has the meaning given in clause 8.2.

**Register** means the register of CPS maintained by or on behalf of ANZ and including any subregister established and maintained in CHESS.

**Registrar** means ANZ or any other registrar that maintains the Register.

**Regulatory Event** means:

- (a) the receipt by the Directors of an opinion from a reputable legal counsel that, as a result of any amendment to, clarification of or change (including any announcement of a prospective change) in, any law or regulation affecting securities laws of Australia or any official administrative pronouncement or action or judicial decision interpreting or applying such laws or regulations which amendment, clarification or change is effective, or pronouncement, action or decision is announced, on or after the Issue Date, additional requirements would be imposed on ANZ in relation to or in connection with CPS which the Directors (having received all approvals they consider in their absolute discretion to be necessary (including from APRA)) determine at their absolute discretion, to be unacceptable; or
- (b) the determination by the Directors (having received all approvals they consider in their absolute discretion to be necessary (including from APRA)) that ANZ is not or will not be entitled to treat all CPS as Non-Innovative Residual Tier 1 Capital, except where the reason ANZ is not entitled to treat all CPS as Non-Innovative Residual Tier 1 Capital is because ANZ has exceeded a limit on Non-Innovative Residual Tier 1 Capital which was in effect on the Issue Date.

**Relevant Date** has the meaning in clause 4.2.

**Resale** means, in relation to a CPS, the sale of that CPS in accordance with clause 9 and **Resell** and **Resold** have corresponding meanings.

**Resale Notice** has the meaning in clause 4.7.

**Second Mandatory Conversion Condition** has the meaning given in clause 4.3.

**Second Optional Conversion Condition** has the meaning given in clause 5.4.

**Second Test Period** has the meaning given in clause 4.3.

**Special Resolution** means a resolution passed at a meeting of CPS Holders by a majority of at least 75% of the votes validly cast by CPS Holders in person or by proxy and entitled to vote on the resolution.

**Standard & Poor's** means Standard & Poor's (Australia) Pty Limited (ACN 007 324 852) or any successor.

**Subsequent Mandatory Conversion Date** has the meaning given in clause 4.2.

**Subsidiary** has the meaning given in the Corporations Act.

**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 Act setting the rate of income tax payable and any regulation promulgated under it.

**Tax Event** means the receipt by the Directors of an opinion from a reputable legal counsel or other tax adviser in Australia, 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 of Australia or any political subdivision or taxing authority of Australia affecting taxation;
- (b) any judicial decision, official administrative pronouncement, published or private ruling, regulatory procedure, notice or announcement (including any notice or announcement of intent to adopt such procedures or regulations) (**Administrative Action**); or
- (c) any amendment to, clarification of, or change in, an Administrative Action that provides for a position that differs from the current generally accepted position,

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 pronouncement or decision is announced, on or after the Issue Date, there is more than an insubstantial risk which the Directors determine (having received all approvals they consider in their absolute discretion to be necessary (including from APRA)) at their absolute discretion to be unacceptable that:

- (i) ANZ would be exposed to more than a *de minimis* increase in its costs (including without limitation through the imposition of any taxes, duties, assessments or other charges) in relation to CPS;
- (ii) any Dividend would not be a frankable dividend or distribution within the meaning of Division 202 of the Tax Act or Australian tax resident CPS Holders generally would not be entitled to franking credits in respect of the Dividends; or
- (iii) the CPS would cease to be disregarded in accordance with section 703-37 of the Tax Act.

**Tax Rate** has the meaning given in clause 3.1.

**Third Mandatory Conversion Condition** has the meaning given in clause 4.3.

**Tier 1 Capital** means the tier 1 capital of ANZ (on a Level 1 basis) or the ANZ Group (on a Level 2 basis or, if applicable a Level 3 basis) as defined by APRA from time to time.

**Tier 1 Capital Ratio** means that ratio as defined by APRA from time to time.

**Upper Tier 2 Capital** means the upper tier 2 capital of ANZ (on a Level 1 basis) or the ANZ Group (on a Level 2 basis or, if applicable a Level 3 basis) as defined by APRA from time to time.

**VWAP** means, subject to any adjustments under clause 7, the average of the daily volume weighted average sale prices (such average being rounded to the nearest full cent) of Ordinary Shares sold on ASX during the relevant period or on the relevant days but does not include any "Crossing" transacted outside the "Open Session State" or any "Special Crossing" transacted at any time, each as defined in the ASX Market Rules, or any overseas trades or trades pursuant to the exercise of options over Ordinary Shares.

**VWAP Period** means:

- (a) in the case of a Conversion resulting from an Acquisition Event or a Change of Control Event the lesser of 20 Business Days and the number of Business Days that the Ordinary Shares are quoted for trading on ASX (or the principal securities exchange on which the Ordinary Shares are then listed) after the occurrence of the Acquisition Event or the Change of Control Event (as the case may be);
- (b) in the case of any other Conversion, the period of 20 Business Days on which trading in Ordinary Shares took place immediately preceding (but not including) the date on which Conversion is to occur in accordance with these CPS Terms; or
- (c) otherwise, the period for which VWAP is to be calculated in accordance with these CPS Terms.

## GLOSSARY

The following is a glossary of terms used throughout this Prospectus and the Application Forms. There is also a list of defined terms in clause 19.2 of the CPS Terms.

| TERM                                | MEANING                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
|-------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 2003 Trust Securities               | has the meaning given in clause 19.2 of the CPS Terms                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| 2004 Trust Securities               | has the meaning given in clause 19.2 of the CPS Terms                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| 2007 Stapled Securities             | has the meaning given in clause 19.2 of the CPS Terms                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| ABN                                 | Australian Business Number                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| ABN AMRO Morgans                    | ABN AMRO Morgans Limited (ABN 49 010 669 726, AFSL 235410)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| Acquisition Event                   | has the meaning given in clause 19.2 of the CPS Terms                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| ADI                                 | authorised deposit-taking institution, as defined in the Banking Act                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| AEST                                | Australian Eastern Standard Time                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| AFSL                                | Australian Financial Services Licence                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| Allocation                          | the number of CPS allocated under this Prospectus to: <ul style="list-style-type: none"> <li>■ ANZ Securityholder Applicants and General Applicants at the end of the Offer Period; and</li> <li>■ Syndicate Brokers and Institutional Investors under the Bookbuild</li> </ul>                                                                                                                                                                                                                                                                                     |
| ANZ or ANZ Group                    | Australia and New Zealand Banking Group Limited (ABN 11 005 357 522, AFSL 234527), ANZ and its banking business entities (on a Level 2 basis), or ANZ and its controlled entities, as the case may be                                                                                                                                                                                                                                                                                                                                                               |
| ANZ Securities                      | ANZ Securities Limited (ABN 16 004 997 111, AFSL 237531)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| ANZ Securityholder                  | a holder of an Ordinary Share on the Register at 5:00pm on 18 August 2008, or a holder of an ANZ StEPS on the Register at 5:00pm on 31 July 2008                                                                                                                                                                                                                                                                                                                                                                                                                    |
| ANZ Securityholder Applicant        | an ANZ Securityholder shown on the Register as having an address in Australia or New Zealand who applies under the ANZ Securityholder Offer                                                                                                                                                                                                                                                                                                                                                                                                                         |
| ANZ Securityholder Application Form | the blue personalised application form made available to ANZ Securityholder Applicants upon request                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| ANZ Securityholder Offer            | the invitation to ANZ Securityholders to apply for CPS under this Prospectus                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| ANZ STEPS                           | the ANZ Stapled Exchangeable Preferred Securities issued by ANZ in 2003 each comprising a fully paid note issued by ANZ Holdings (New Zealand) Limited stapled to a fully paid preference share issued by ANZ                                                                                                                                                                                                                                                                                                                                                       |
| Applicant                           | a person who submits an Application                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| Application                         | a valid application for a specified number of CPS made pursuant to either: <ul style="list-style-type: none"> <li>■ the applicable Application Form; or</li> <li>■ in respect of the Institutional Offer, pursuant to a duly completed confirmation letter</li> </ul>                                                                                                                                                                                                                                                                                               |
| Application Form                    | each of the application forms attached to, or accompanying, this Prospectus upon which an Application may be made, being: <ul style="list-style-type: none"> <li>■ the blue personalised ANZ Securityholder Application Form supplied by ANZ upon request to ANZ Securityholders;</li> <li>■ the electronic Application Form provided for online Applications under the ANZ Securityholder Offer and General Offer; and</li> <li>■ the white Application Form in the back of this Prospectus to be used by Broker Firm Applicants and General Applicants</li> </ul> |
| Application Payment                 | the monies payable on each Application, calculated as the number of CPS applied for multiplied by the Issue Price                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| Approved NOHC                       | has the meaning given in clause 19.2 of the CPS Terms                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| Approved NOHC Event                 | has the meaning given in clause 19.2 of the CPS Terms                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| APRA                                | Australian Prudential Regulation Authority (ABN 79 635 582 658) or any successor body responsible for prudential regulation of ANZ or any NOHC                                                                                                                                                                                                                                                                                                                                                                                                                      |
| ASIC                                | Australian Securities and Investments Commission                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| ASTC                                | ASX Settlement and Transfer Corporation Pty Limited (ABN 49 008 504 532)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| ASTC Settlement Rules               | the settlement rules of the ASTC from time to time                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |

| TERM                                   | MEANING                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
|----------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| ASX                                    | ASX Limited (ABN 98 008 624 691) or the securities market operated by it, as the context requires                                                                                                                                                                                                                                                                                                                                                       |
| Australian Accounting Standards        | the accounting standards as developed and issued by the Australian Accounting Standards Board                                                                                                                                                                                                                                                                                                                                                           |
| Bank Bill Rate                         | (expressed as a percentage per annum), for a Dividend Period, the average mid-rate for bills of a term of 90 days which average mid-rate is displayed on Reuters page BBSW (or any page that replaces that page) on the first Business Day of the Dividend Period, subject to fallbacks if there is a manifest error in the calculation of the rate or if the rate is not displayed<br><i>For the full definition – see clause 3.1 of the CPS Terms</i> |
| Banking Act                            | Banking Act 1959 (Cth)                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| Basel II                               | the revised framework issued in 2004 by the Bank of International Settlements' Basel Committee on Banking Supervision for the calculation of capital adequacy for banks                                                                                                                                                                                                                                                                                 |
| Board, Directors or Board of Directors | some or all of the directors of ANZ acting as a board                                                                                                                                                                                                                                                                                                                                                                                                   |
| Bookbuild                              | the process described in Section 2.5.2 to determine the Margin                                                                                                                                                                                                                                                                                                                                                                                          |
| Broker Firm Applicant                  | a retail client of a Syndicate Broker who applies for a broker firm allocation from a Syndicate Broker under the Broker Firm Offer                                                                                                                                                                                                                                                                                                                      |
| Broker Firm Offer                      | the invitation made to clients of Syndicate Brokers to apply for an allocation of CPS from Syndicate Brokers under this Prospectus                                                                                                                                                                                                                                                                                                                      |
| Business Day                           | a business day as defined in the Listing Rules                                                                                                                                                                                                                                                                                                                                                                                                          |
| Citi                                   | Citigroup Global Markets Australia Pty Limited (ABN 64 003 114 832, AFSL 240992 )                                                                                                                                                                                                                                                                                                                                                                       |
| CGT                                    | capital gains tax                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| Change of Control Event                | has the meaning given in clause 19.2 of the CPS Terms                                                                                                                                                                                                                                                                                                                                                                                                   |
| Change of Control Exchange Date        | the date on which Exchange as a result of a Change of Control Event is to occur, as discussed in Section 1.5<br><i>For the full definition – see clause 6.3 of the CPS Terms</i>                                                                                                                                                                                                                                                                        |
| Change of Control Exchange Notice      | has the meaning given in clause 19.2 of the CPS Terms                                                                                                                                                                                                                                                                                                                                                                                                   |
| CHESS                                  | Clearing House Electronic Subregister System operated by an associate of ASX                                                                                                                                                                                                                                                                                                                                                                            |
| Closing Date                           | the last day on which Applications will be accepted: <ul style="list-style-type: none"> <li>■ 5:00pm on 24 September 2008 for the ANZ Securityholder Offer and the General Offer; and</li> <li>■ 10:00am on 29 September 2008 for the Broker Firm Offer</li> </ul>                                                                                                                                                                                      |
| CommSec                                | Commonwealth Securities Limited (ABN 60 067 254 399, AFSL 238814)                                                                                                                                                                                                                                                                                                                                                                                       |
| Co-Managers                            | ABN AMRO Morgans and Credit Suisse                                                                                                                                                                                                                                                                                                                                                                                                                      |
| Consenting Party                       | each of the consenting parties named in Section 6.7                                                                                                                                                                                                                                                                                                                                                                                                     |
| Constitution                           | the constitution of ANZ, as amended from time to time                                                                                                                                                                                                                                                                                                                                                                                                   |
| Conversion                             | in relation to a CPS, the conversion of that CPS into a variable number of Ordinary Shares, or ordinary shares of an Approved NOHC following an Approved NOHC Event, under the CPS Terms<br><b>Convert</b> and <b>Converted</b> have corresponding meanings<br><i>For the full definition of the conversion mechanics – see clause 7 of the CPS Terms</i>                                                                                               |
| Corporations Act                       | Corporations Act 2001 (Cth)                                                                                                                                                                                                                                                                                                                                                                                                                             |
| CPS                                    | ANZ convertible preference shares, being fully paid preference shares issued by ANZ which will mandatorily Convert into Ordinary Shares of ANZ (subject to certain conditions being satisfied), and which are to be issued under this Prospectus                                                                                                                                                                                                        |
| CPS Holder                             | a person registered in the Register as a holder of CPS                                                                                                                                                                                                                                                                                                                                                                                                  |
| Credit Suisse                          | Credit Suisse (Australia) Limited (ABN 94 007 016 300, AFSL 236606)                                                                                                                                                                                                                                                                                                                                                                                     |

| TERM                                 | MEANING                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
|--------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Delisting Event                      | in respect of a date, that: <ul style="list-style-type: none"> <li>■ Ordinary Shares have ceased to be listed or admitted to trading on ASX on or before that date; or</li> <li>■ trading of Ordinary Shares has been suspended for at least 5 consecutive Business Days before that date, and the suspension is continuing on that date</li> </ul> <i>For the full definition – see clause 19.2 of the CPS Terms</i>                                                                                                                                                                                                                                                                                                                                                                                                          |
| Deutsche Bank                        | Deutsche Bank AG, Sydney Branch (ABN 13 064 165 162, AFSL 238153)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| Distributable Profits                | has the meaning given in clause 19.2 of the CPS Terms                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| Distribution Restriction             | the restrictions discussed in Section 1.2.8<br><i>For more information – see clauses 3.8 and 3.9 of the CPS Terms</i>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| Dividend                             | a dividend on CPS<br><i>For the full definition – see clause 3.1 of the CPS Terms</i>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| Dividend Payment Date                | in respect of a CPS, 15 December 2008, and after that each 15 March, 15 June, 15 September and 15 December until the date that CPS is Redeemed on Converted<br><i>For the full definition – see clause 3.5 of the CPS Terms</i>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| Dividend Period                      | a period from (and including) either the Issue Date or a subsequent Dividend Payment Date until (but not including) the following Dividend Payment Date.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| Dividend Rate                        | the dividend rate on CPS calculated using the formula described in Section 1.2.2<br><i>For the full definition – see clause 3.1 of the CPS Terms</i>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| Equal Ranking Instruments            | has the meaning given in clause 19.2 of the CPS Terms                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| E*TRADE Australia                    | ETRADE Australia Securities Limited (ABN 93 078 174 973, AFSL 238277)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| Exchange                             | any of the following: <ul style="list-style-type: none"> <li>■ in respect of an Exchange following the occurrence of a Change of Control Event: <ul style="list-style-type: none"> <li>■ Conversion in accordance with and subject to clause 7 of the CPS Terms; or</li> <li>■ Redemption in accordance with and subject to clause 8 of the CPS Terms; or</li> </ul> </li> <li>■ otherwise: <ul style="list-style-type: none"> <li>■ Conversion in accordance with and subject to clause 7 of the CPS Terms; or</li> <li>■ Redemption in accordance with and subject to clause 8 of the CPS Terms; or</li> <li>■ Resale in accordance with and subject to clause 9 of the CPS Terms</li> </ul> </li> </ul> <b>Exchanged</b> has the corresponding meaning<br><i>For the full definition – see clause 19.2 of the CPS Terms</i> |
| Exchange Date                        | the date on which Exchange is to occur<br><i>For the full definition – see clause 5.2 of the CPS Terms</i>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| Exchange Method                      | the means by which Exchange is effected<br><i>For the full definition – see clause 5.3 of the CPS Terms</i>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| Exchange Notice                      | a notice issued by ANZ to a CPS Holder under clause 5.1 of the CPS Terms                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| Expiry Date                          | the date which is 13 months after the date of this Prospectus                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| Exposure Period                      | the seven day period after the date this Prospectus was lodged with ASIC during which the Corporations Act prohibits the processing of Applications. This period may be extended by ASIC by up to a further seven days                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| First Mandatory Conversion Condition | has the meaning given in clause 19.2 of the CPS Terms                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| First Optional Conversion Condition  | has the meaning given in clause 19.2 of the CPS Terms                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| General Applicant                    | a member of the general public who is an Australian or New Zealand resident and who applies under the General Offer                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| General Offer                        | the invitation to the general public to apply for CPS under this Prospectus                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| GST                                  | goods and services tax                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| GSJBW                                | Goldman Sachs JBWere Pty Ltd (ABN 21 006 797 897, AFSL 243346)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |

| TERM                            | MEANING                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
|---------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| HIN                             | Holder Identification Number for Ordinary Shares or CPS (when issued) held on the CHES subregister                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| Holding Statement               | a statement issued to CPS Holders by the Registry which sets out details of CPS allotted to them under the Offer                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| Innovative Tier 1 Capital       | innovative tier 1 capital of ADIs (including ANZ) as described by APRA from time to time                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| Institutional Investor          | an investor (whether an Australian or New Zealand resident or not) to whom CPS are able to be offered under applicable laws without the need for any prospectus, registration or other formality (other than a registration or formality which ANZ is willing to comply with) including, in Australia or New Zealand, persons to whom offers of securities can be made without the need for a lodged prospectus, who have been invited by the Joint Lead Managers to bid for CPS in the Bookbuild and who are not Broker Firm Applicants                                                                                                                                                                                                                                                                                                                                                                                                               |
| Institutional Offer             | the invitation to certain Institutional Investors to bid for CPS in the Bookbuild                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| Issue Credit Rating             | a current opinion by Standard & Poor's and/or Moody's 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 CPS are issued to CPS Holders under this Prospectus, expected to be 30 September 2008                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| Issue Date VWAP                 | the VWAP during the period of 20 Business Days on which trading in Ordinary Shares took place immediately preceding (but not including) the Issue Date, subject to certain adjustments<br><i>For the full definition – see clause 19.2 of the CPS Terms</i>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| Issue Price                     | the issue price for CPS, being \$100 per CPS                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| Joint Lead Managers             | ANZ Securities, Citi, CommSec, Deutsche Bank, E*TRADE Australia, GSJBW, J.P.Morgan, Macquarie and UBS                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| J.P.Morgan                      | J.P. Morgan Australia Limited (ABN 52 002 888 011, AFSL 238188)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| Level 1, Level 2 and Level 3    | those terms as described by APRA from time to time                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| Liquidation Sum                 | in respect of each CPS held the sum of: <ul style="list-style-type: none"> <li>■ the amount of any Dividend (including any Optional Dividend) determined to be paid but unpaid; and</li> <li>■ the Issue Price</li> </ul> <i>For the full definition – see clause 10.2 of the CPS Terms</i>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| Listing Rules                   | the listing rules of ASX, with any modification or waivers which ASX may grant to ANZ or generally from time to time                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| Macquarie                       | Macquarie Capital Advisers Limited (ABN 79 123 199 548, AFSL 314416)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| Mandatory Conversion            | has the meaning given in clause 19.2 of the CPS Terms and <b>Mandatorily Convert</b> has a corresponding meaning                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| Mandatory Conversion Conditions | each of the: <ul style="list-style-type: none"> <li>■ First Mandatory Conversion Condition: the VWAP on the 25th Business Day (or, if there is no trading in Ordinary Shares on that date, the Business Day before that 25th Business Day on which trading in Ordinary Shares took place) immediately preceding (but not including) the possible Mandatory Conversion Date is greater than 56.00% of the Issue Date VWAP;</li> <li>■ Second Mandatory Conversion Condition: the VWAP during the period of 20 Business Days on which trading in Ordinary Shares took place immediately preceding (but not including) the possible Mandatory Conversion Date (<b>Second Test Period</b>) is greater than 51.28% of the Issue Date VWAP; and</li> <li>■ Third Mandatory Conversion Condition: no Delisting Event applies in respect of the possible Mandatory Conversion Date</li> </ul> <i>For the full definition – see clause 4.3 of the CPS Terms</i> |
| Mandatory Conversion Date       | the earlier of 16 June 2014 and the first Dividend Payment Date after that date on which the Mandatory Conversion Conditions are satisfied<br><i>For the full definition – see clause 4.2 of the CPS Terms</i>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| Margin                          | the margin which will be determined under the Bookbuild                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| Maximum Conversion Number       | has the meaning given in clause 19.2 of the CPS Terms                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |

| TERM                                   | MEANING                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|----------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Moody's                                | Moody's Investors Service Pty Limited (ABN 61 003 399 657)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| New Zealand CPS Holder                 | a New Zealand tax resident CPS Holder                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| NOHC                                   | the ultimate holding company of ANZ after any NOHC Event which must be a "non-operating holding company" within the meaning of the Banking Act                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| NOHC Event                             | an event which: <ul style="list-style-type: none"> <li>■ is initiated by the Directors, acting as a Board; and</li> <li>■ would otherwise be a Change of Control Event, but the result of which would be that the person who would be the ultimate holding company of ANZ would be a NOHC</li> </ul>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| Nominated Purchaser                    | with respect to a Resale, one or more third parties selected by ANZ in its absolute discretion, subject to certain conditions<br><i>For the full definition – see clause 19.2 of the CPS Terms</i>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| Non-innovative Residual Tier 1 Capital | non-innovative residual tier 1 capital of ADIs (including ANZ) as described by APRA from time to time                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| Non Resident CPS Holder                | a CPS Holder who is not a tax resident of Australia                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| Offer                                  | the offer by ANZ of CPS under this Prospectus to raise \$500 million with the ability to raise more or less                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| Offer Management Agreement or OMA      | the offer management agreement entered into between ANZ and the Joint Lead Managers as summarised in Section 6.6                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| Offer Period                           | the period from the Opening Date to the Closing Date                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| Opening Date                           | the day the Offer opens, which is 4 September 2008                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| Optional Conversion Condition          | has the meaning given in clause 19.2 of the CPS Terms                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| Optional Conversion Test Date          | has the meaning given in clause 19.2 of the CPS Terms                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| Optional Dividend                      | an optional dividend on CPS<br><i>For the full definition – see clause 3.8 of the CPS Terms</i>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| Ordinary Share                         | a fully paid ordinary share in the capital of ANZ                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| Participating Broker                   | any participating organisation of ASX selected by the Joint Lead Managers to participate in the Bookbuild                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| Payment Tests                          | tests which need to be satisfied so that ANZ can pay a Dividend or Optional Dividend, summarised as follows: <ul style="list-style-type: none"> <li>■ the Directors, at their absolute discretion, determining the Dividend or Optional Dividend to be payable;</li> <li>■ unless APRA otherwise approves in writing, payment of the Dividend or Optional Dividend not resulting in a breach by ANZ or the ANZ Group of its Prudential Capital Ratio or Tier 1 Capital Ratio;</li> <li>■ unless APRA otherwise approves in writing, the amount of the Dividend or Optional Dividend not exceeding Distributable Profits;</li> <li>■ payment of the Dividend or Optional Dividend not resulting in ANZ becoming, or being likely to become, insolvent; and</li> <li>■ APRA not otherwise objecting to the payment of the Dividend or Optional Dividend</li> </ul> <i>For the full description of the tests – see clause 3.3 of the CPS Terms</i> |
| Privacy Act                            | Privacy Act 1988 (Cth) and/or the New Zealand Privacy Act 1993 as the context requires                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| Prospectus                             | this document (including the electronic form of this Prospectus), and any supplementary or replacement Prospectus in relation to this document                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| Prudential Capital Ratio               | that ratio as defined by APRA from time to time                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| Prudential Standards                   | the ADI prudential standards issued by APRA, which define and document APRA's framework for assessing, among other things, the capital adequacy of an ADI                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| RBA                                    | the Reserve Bank of Australia                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| RBNZ                                   | Reserve Bank of New Zealand                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| RBNZ Act                               | Reserve Bank of New Zealand Act 1989                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |

| TERM                                  | MEANING                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
|---------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Redeem                                | in relation to a CPS, to redeem, buy-back (other than by an on-market buy-back within the meaning of the Corporations Act) or reduce capital, or any combination of such activities, in connection with that CPS in accordance with clause 8 of the CPS Terms<br><b>Redeemed, Redeemable and Redemption</b> have corresponding meanings                                                                                                                                                                                                                                                                                                                                        |
| Register                              | the official register of Ordinary Shares, ANZ StEPS and/or CPS (if issued) as the context requires, each being maintained by the Registry on ANZ's behalf and including any subregister established and maintained in CHES                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| Redemption Price                      | has the meaning given in clause 19.2 of the CPS Terms                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| Registry                              | Computershare Investor Services Pty Limited (ABN 48 078 279 277) or any other registry that ANZ appoints to maintain the Register                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| Regulatory Event                      | broadly, occurs when ANZ receives legal advice that, as a result of a change of law or regulation on or after the Issue Date, additional requirements would be imposed on ANZ in relation to CPS which the Directors determine as unacceptable, or the Directors determine that ANZ will not be entitled to treat all CPS as Non-innovative Residual Tier 1 Capital<br><i>For the full definition – see clause 19.2 of the CPS Terms</i>                                                                                                                                                                                                                                       |
| Resale                                | in relation to a CPS, the resale of that CPS in accordance with clause 9 of the CPS Terms<br><b>Resell and Resold</b> have corresponding meanings                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| Resident CPS Holder                   | an Australian tax resident CPS Holder                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| Residual Tier 1 Capital               | residual tier 1 capital of ADIs (including ANZ) as described by APRA from time to time                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| Second Mandatory Conversion Condition | has the meaning given in clause 19.2 of the CPS Terms                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| Second Optional Conversion Condition  | has the meaning given in clause 19.2 of the CPS Terms                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| Settlement Date                       | 29 September 2008, being one Business Day before the Issue Date                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| Shareholder                           | a holder of Ordinary Shares from time to time                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| Special Resolution                    | a resolution passed at a meeting of CPS Holders by a majority of at least 75% of the votes validly cast by CPS Holders in person or by proxy and entitled to vote on the resolution                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| SRN                                   | Security Reference Number for Ordinary Shares or CPS (when issued) held on the issuer sponsored subregister                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| Standard & Poor's                     | Standard & Poor's (Australia) Pty Limited (ABN 62 007 324 852)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| Syndicate Broker                      | any of the Joint Lead Managers, Co-Managers or Participating Brokers                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| Tax Act                               | has the meaning given in clause 19.2 of the CPS Terms                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| Tax Event                             | broadly, occurs when ANZ receives professional advice that, as a result of a change in Australian tax law, or an administrative pronouncement or ruling, on or after the Issue Date, there is a more than insubstantial risk that ANZ would be exposed to more than an insignificant increase in its costs in relation to CPS being on issue, any Dividend would not be a frankable dividend or distribution for tax purposes or franking credits may not be available to Australian tax resident CPS Holders generally or the CPS would cease to be disregarded for certain purposes in relation to NOHC<br><i>For the full definition – see clause 19.2 of the CPS Terms</i> |
| Tax Rate                              | the Australian corporate tax rate applicable to the franking account of ANZ as at the relevant Dividend Payment Date. As at the date of this Prospectus, the relevant rate is 30%                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| Terms or CPS Terms                    | the full terms of issue of CPS, as set out in Appendix A                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| TFN                                   | Tax File Number                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| Third Mandatory Conversion Condition  | has the meaning given in clause 19.2 of the CPS Terms                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| Tier 1 Capital                        | tier 1 capital of ADIs (including ANZ) as described by APRA from time to time                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| Tier 1 Capital Ratio                  | that ratio defined by APRA from time to time                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |

| TERM                 | MEANING                                                                                                                                                                                                                                                                                                   |
|----------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Tier 2 Capital       | tier 2 capital of ADIs (including ANZ) as described by APRA from time to time                                                                                                                                                                                                                             |
| Trading Update       | the trading update released to the market by ANZ on 28 July 2008 covering ANZ's trading performance subsequent to the release by ANZ of its consolidated financial report and dividend announcement for the half year ended 31 March 2008                                                                 |
| UBS                  | UBS AG, Australia Branch (ABN 47 088 129 613, AFSL 231087)                                                                                                                                                                                                                                                |
| Upper Tier 2 Capital | the upper tier 2 capital of ADIs (including ANZ) as described by APRA from time to time                                                                                                                                                                                                                   |
| 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 or on the relevant days (such average rounded to the nearest full cent), as defined in clause 19.2 of the CPS Terms and subject to any adjustments under clause 7 of the CPS Terms |

## APPLICATION FORM #1

**BACK OF**

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**APPLICATION FORM #1**

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## APPLICATION FORM # 2

**BACK OF**

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**APPLICATION FORM #2**

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## CORPORATE DIRECTORY

### ISSUER

Australia and New Zealand Banking Group Limited  
Level 14  
100 Queen Street  
Melbourne VIC 3000

### AUDITOR

KPMG  
147 Collins Street  
Melbourne VIC 3000

### AUSTRALIAN LEGAL ADVISER

Mallesons Stephen Jaques  
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600 Bourke Street  
Melbourne VIC 3000

### NEW ZEALAND LEGAL AND TAX ADVISER

Russell McVeagh  
Level 30  
Vero Centre  
48 Shortland Street  
Auckland 1010  
New Zealand

### AUSTRALIAN TAX ADVISER

Greenwoods & Freehills Pty Limited  
MLC Centre  
19–29 Martin Place  
Sydney NSW 2000

### REGISTRY

Computershare Investor Services Pty Limited  
Yarra Falls  
452 Johnson Street  
Abbotsford VIC 3067

### ENQUIRIES

ANZ Information Line on 1800 113 399 (within Australia), 0800 174 007 (within New Zealand) or +61 3 9415 4010 (international)  
(Monday to Friday – 8:30am to 5:30pm AEST)  
Website: [www.anz.com/CPSOffer](http://www.anz.com/CPSOffer)

### JOINT LEAD MANAGERS

**ANZ Securities Limited**  
Level 14, 100 Queen Street  
Melbourne VIC 3000

**Citigroup Global Markets Australia Pty Limited**  
Citigroup Centre, Level 40  
2 Park Street  
Sydney NSW 2000

**Commonwealth Securities Limited**  
Level 18, 363 George Street  
Sydney NSW 2000

**Deutsche Bank AG, Sydney Branch**  
Level 16, corner Hunter and Phillip Streets  
Sydney NSW 2000

**ETRADE Australia Securities Limited**  
Level 7, 10 Bridge Street  
Sydney NSW 2000

**Goldman Sachs JBWere Pty Ltd**  
Level 48, Governor Phillip Tower  
1 Farrer Place  
Sydney NSW 2000

**J.P. Morgan Australia Limited**  
Level 32, Grosvenor Place  
225 George Street  
Sydney NSW 2000

**Macquarie Capital Advisers Limited**  
Level 25, 101 Collins Street  
Melbourne VIC 3000

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

### CO-MANAGERS

**ABN AMRO Morgans Limited**  
Level 29, Riverside Centre  
123 Eagle Street  
Brisbane QLD 4000

**Credit Suisse (Australia) Limited**  
Level 31, Gateway  
1 Macquarie Place  
Sydney NSW 2000



#### HOW TO CONTACT US

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