



Media Release

For Release: 23 August 2011

ANZ launches Convertible Preference Share (CPS3) Offer

ANZ today announced that it has lodged a Prospectus with the Australian Securities and Investments Commission for an offer of convertible preference shares (CPS3) to raise \$750 million with the ability to increase or reduce the size of the offer.

This Offer forms part of ANZ's ongoing capital management strategy allowing additional flexibility to manage the timing of the redemption of subordinated debt and other Residual Tier-1 Capital instruments into the future and supports ANZ's consistent focus on the strength of its capital position.

ANZ Chief Financial Officer Peter Marriott said: "ANZ continues to have a peer leading capital position and this Offer provides us with some additional flexibility to manage future redemptions. As part of our capital management strategy, we believe there is an opportunity to test market demand for a new style hybrid capital issue which provides investors with a defensive investment option relative to ordinary equity in volatile markets."

CPS3 will constitute Residual Tier 1 Capital under the Australian Prudential Regulation Authority's (APRA's) current capital adequacy standards and will be eligible for transitional treatment as Additional Tier 1 Capital when those standards are updated as a result of the Basel III reforms.

Key Features of CPS3

- CPS3 are preference shares issued by ANZ, which will Convert into ANZ Ordinary Shares on 1 September 2019 (subject to certain conditions being satisfied), unless they are Exchanged earlier.
- Dividends on CPS3 are preferred, non-cumulative and based on a floating rate. Dividends are scheduled to be paid semi-annually in arrears, subject to the Payment Tests.
- The Dividend Rate will be calculated on a semi-annual basis as the sum of the 180 day 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 (30 August 2011) and is expected to be in the range of 3.10% to 3.30%.
- On 1 September 2019, CPS3 Holders will receive a variable number of ANZ Ordinary Shares on Conversion unless the Mandatory Conversion Conditions are not satisfied.

- ANZ must convert CPS3 if at any stage its Common Equity Capital Ratio (currently known as the Core Tier 1 Ratio) falls to or below 5.125%. In these circumstances the Mandatory Conversion Conditions do not apply and CPS3 will convert into the number of ANZ Ordinary Shares determined under a 5 day Volume Weighted Average Price (VWAP) calculation, subject to a Maximum Number of ANZ Ordinary Shares. The latter restriction may result in CPS3 Holders receiving substantially less than \$101.01 worth of ANZ Ordinary Shares.
- CPS3 may, subject to APRA's prior written approval where required, be Exchanged by ANZ at its election on 1 September 2017 and any subsequent Dividend Payment Date.
- CPS3 will be classified as a liability for ANZ's accounting purposes and equity for tax purposes.
- ANZ will apply for CPS3 to be quoted on the Australian Securities Exchange (ASX) and they are expected to trade under ASX code 'ANZPC'.

The Offer is expected to open on 31 August 2011 and comprises:

- an ANZ Securityholder Offer, open to Australian resident holders of ANZ Ordinary Shares or convertible preference shares issued by ANZ in September 2008 (CPS1) and in December 2009 (CPS2) on the Register at 7.00pm (Melbourne time) on 3 August 2011;
- a General Offer, open to Australian residents who are neither an ANZ Securityholder Applicant, Broker Firm Applicant nor 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 ANZ Securities to bid for CPS3 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 21 September 2011. The Broker Firm Offer is currently scheduled to close at 10:00am (Melbourne time) on 27 September 2011.

The ANZ CPS3 Prospectus has been lodged with ASIC and the ASX and is available for download within Australia at www.CPS3Offer.anz.com or by calling the ANZ Information Line on 1800 113 399 (Australia) or +61 3 9415 4010 (international). A replacement Prospectus, containing the Margin and Application forms, will be made available when the Offer opens, expected to be on 31 August 2011. Investors should consider the Prospectus in deciding whether to apply for CPS3. Applications may only be made using the application form attached to or accompanying the replacement Prospectus.

Shareholder approval is not required for the issue of CPS3.

ANZ Securities, Commonwealth Bank of Australia, Goldman Sachs, Macquarie, RBS and UBS have been appointed as Joint Lead Managers on the transaction.

For investor enquiries, please contact the ANZ Information Line on 1800 113 399 (Australia) or +61 3 9415 4010 (international).

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Key dates for the Offer

Lodgement of the Prospectus with ASIC	23 August 2011
Bookbuild to determine the Margin	30 August 2011
Announcement of the Margin and lodgement of the replacement Prospectus with ASIC	31 August 2011
Opening Date	31 August 2011
Closing Date for ANZ Securityholder Offer and General Offer	5.00pm (Melbourne time), 21 September 2011
Closing Date for Broker Firm Offer	10.00am (Melbourne time), 27 September 2011
Issue Date	28 September 2011
CPS3 commence trading on ASX (deferred settlement basis)	29 September 2011
Holding Statements despatched by	3 October 2011
CPS3 commence trading on ASX (normal settlement basis)	5 October 2011
First semi-annual Dividend Payment Date	1 March 2012
First Optional Exchange Date	1 September 2017
Mandatory Conversion Date	1 September 2019

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.