

ANZ Convertible Preference Shares – Summary Term Sheet

Name	ANZ convertible preference shares (CPS)
Issue overview	<p>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.</p> <p>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 on the Dividend Payment Dates, subject to the Payment Tests. CPS have received investment grade credit ratings of A+ from Standard & Poor's and Aa3 from Moody's.</p> <p>CPS are intended to be quoted on ASX and are expected to trade under ASX code "ANZPB".</p>
Issuer	Australia and New Zealand Banking Group Limited (ABN 11 005 357 522) (ANZ).
Reason for the Issue	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.
Key Features	<p>CPS have the following key features:</p> <ul style="list-style-type: none"> • Dividends on CPS are preferred, non-cumulative, floating rate, expected to be fully franked and 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 – Tax Rate). The Margin will be determined following the Bookbuild and is expected to be set between 250bps and 290bps over the 90 day bank bill rate. • The Mandatory Conversion Conditions provide protection to CPS Holders from receiving less than \$102.56 worth of Ordinary Shares per CPS on Conversion (unless the Mandatory Conversion Conditions are not satisfied or ANZ elects for a third party to purchase the CPS). • CPS may be Exchanged by ANZ at certain times before the Mandatory Conversion Date 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 the following provisional investment grade Issue Credit Ratings: A+ by Standard & Poor's and Aa3 by Moody's.
Term	On 16 June 2014 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.
Size	The Offer is for approximately \$1 billion of CPS, with the ability to raise more or less.
Listed	ANZ will apply for CPS to be quoted on ASX.
Margin	2.50% per annum, as determined under the Bookbuild.

- Distributions**
- Dividends on CPS are preferred, non-cumulative, 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.
 - Dividends are scheduled to be paid quarterly in arrears on the Dividend Payment Dates, subject to the Payment Tests.
 - 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.
 - 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).
 - New Zealand tax resident CPS Holders will not receive the benefit of franking credits attached to Dividends, as they are Australian credits.

Ranking of ANZ CPS CPS are not deposit liabilities of ANZ. On a winding-up of ANZ, CPS rank ahead of Ordinary Shares, equal with 2003 Trust Securities, 2004 Trust Securities, 2007 Stapled Securities and any other equal ranking instruments, but behind all depositors and other creditors.

Rating CPS have been assigned the following provisional investment grade Issue Credit Ratings: A+ by Standard & Poor's and Aa3 by Moody's.

Indicative Timetable	Lodgement of Prospectus with ASIC	27 August 2008
	Bookbuild Open	5:00 pm, 27 August 2008
	Bookbuild Close	10:00 am, 3 September 2008
	Announcement of Margin and confirmation of final allocations	4 September 2008
	Opening Date	4 September 2008
	Last date for physical settlement	19 September 2008
	Closing Date for ANZ Securityholder Offer and General Offer	5:00 pm, 24 September 2008
	Closing Date for Broker Firm Offer	10:00 am, 29 September 2008
	Issue Date	30 September 2008

Risks for Investors The following is a summary of the key risks. For a complete list of all identified risks please refer to Section 4 of the Prospectus.

Financial market conditions and liquidity

The market price of CPS may change due to various factors that affect financial market conditions. 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.

Upon Conversion, there may be no liquidity or a liquid market for Ordinary Shares or the market for Ordinary Shares may be less liquid than that for comparable securities issued by other entities at the time of Conversion.

Dividends may not be paid

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.

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.

Dividends may not be fully franked

ANZ expects Dividends to be fully 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, the Dividend will be increased to fully compensate for the unfranked component, subject to the Payment Tests. New Zealand tax resident CPS Holders will not receive the benefit of franking credits attached to Dividends.

Mandatory Conversion may not occur

CPS are expected to Convert into Ordinary Shares on the Mandatory Conversion Date. 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. Mandatory Conversion may therefore not occur when scheduled or at all.

Ranking

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 deposit liabilities of ANZ and are not secured. If ANZ is wound up, CPS Holders rank for payment behind all depositors, creditors and rank equal with ANZ StEPS, 2003 Trust Securities, 2004 Trust Securities, 2007 Stapled Securities and any other equal ranking instruments. On a winding-up there is a risk that CPS Holders will not receive a return of capital or payment of any Dividend which has been declared but not paid.

ANZ's financial performance and position

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. 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.

Broking Syndicate

ANZ Securities is a Joint Lead Manager.

Other Joint Lead Managers are Citi, CommSec, Deutsche Bank, E*trade Australia, GSJBW, J.P. Morgan, Macquarie and UBS.

Co-Managers are ABN AMRO Morgans and Credit Suisse.

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In the case of any inconsistency between this document and the Prospectus dated on or about 27 August 2008 for the Offer ("Prospectus"), the Prospectus will prevail.

The ANZ convertible preference shares ("CPS") issued by ANZ are not deposits with, or other liabilities of, ANZ, ANZ Securities Limited or other companies of the ANZ group (any of the foregoing, "ANZ Group"). Neither ANZ nor any other ANZ Group company guarantees the performance of the CPS or stands behind, in any way, the capital value or performance of the CPS. Investment in the CPS is subject to investment risk, including possible delays in payment and loss of income and principal invested.

This document is not a prospectus or an offer for sale of CPS and contains a brief overview of the investment only. Offers of CPS will only be made under the Prospectus. CPS can only be acquired through the application form to be included in, or accompanying, the Prospectus.

ANZ Securities is a Joint Lead Manager in relation to the Offer and performs various duties in relation to this role as described in the Prospectus in Section 6.6. ANZ Securities will be paid fees for performing this role as described in Section 6.8 of the Prospectus.

The information in this document is of a general nature only. In preparing the information no account was taken of the particular objectives, financial circumstances or needs of any particular person. Accordingly, before acting on the information you should consider, or seek advice on whether the investment is appropriate in light of your particular objectives, financial circumstances or needs. You should obtain, and consider, the Prospectus and any updates to the Prospectus, before making any decision about whether to acquire or hold CPS. Full details of the Offer are disclosed in the Prospectus and applications for CPS may only be made in the manner detailed in the Prospectus. To the maximum extent permitted by law, each ANZ Group company expressly disclaims all or any liability which may arise out of the provision to, or use by, the recipient or any other person, of this information.