

ANZ NOTICE OF MEETING

2017 ANNUAL GENERAL MEETING

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TIMING AND LOCATION OF THE ANNUAL GENERAL MEETING

Tuesday, 19 December
2017, 10:00 am
(Australian Eastern Daylight Time)

Darling Harbour Theatre, Level 2,
 The International Convention Centre
 Sydney, 14 Darling Drive,
 Sydney NSW 2009

- | | | | |
|--|------------|--|---------------------|
| | TAXI | | BOULEVARD |
| | TRAIN | | GOODS LINE |
| | BUS | | WALK |
| | LIGHT RAIL | | CYCLE |
| | FERRY | | EXISTING LIGHT RAIL |
| | PARKING | | PROPOSED LIGHT RAIL |





THE INTERNATIONAL CONVENTION CENTRE SYDNEY

Located in the heart of Darling Harbour, ICC Sydney is easily accessible by public transport, including light rail, ferry and train and is only a 10 minute walk from Central and Town Hall train stations. Secure car parking is available and conveniently located within the Darling Harbour precinct.

GREEN TRANSPORT & ACCESS OPTIONS

ICC Sydney has multiple public access points with step-free access to every entertainment, exhibition and conference venue.

Convention Light Rail buses will be positioned on either side of Darling Drive in the closest bus bay area. Exhibition Light Rail buses to be positioned in Zollner Circuit.

FERRY

Cruise into Darling Harbour on a ferry with direct services from Circular Quay, King Street Wharf or Pyrmont Bay Wharf. Captain Cook Cruises operates services between Darling Harbour Convention Wharf, Barangaroo King Street Wharf No.1 and Circular Quay.

LIGHT RAIL

The Light Rail travels right through a number of Darling Harbour stations including ICC Sydney's stops, Convention Centre and Exhibition Centre. The Light Rail starts at Central Station in the CBD and travels to Dulwich Hill in the inner west.

TRAIN

A short walk from Central or Town Hall Stations will take you directly to Darling Quarter, Tumbalong Park and Sydney Visitor Centre. Town Hall and Central Stations are a 10-minute walk from ICC Sydney.

BUS

ICC Sydney has its own bus stop. Bus routes 389 and 501 stop at Harris Street near Allen Street – a 10-minute walk from ICC Sydney.

WALKING

Sydney is host to beautiful recreational and coast walks. Routes to ICC Sydney include from Central Station via The Goods Line.

AIRPORT

Darling Harbour is only 8km from Sydney Airport.

WATER TAXI

A Water Taxi is a great option for getting to and from Darling Harbour. Water Taxi's depart from The Rocks, Circular Quay, The Opera House and Luna Park.

PARKING

ICC Sydney has two car park facilities located within the Exhibition Centre and ICC Sydney Theatre, comprising a total of 826 car spaces. Additionally, there are secure car parks located in and around Darling Harbour, including Wilson Harbourside Car Park and Wilson Darling Square Car Park.

TAXI

The best taxi drop off and pick up locations include the new Iron Wharf Place next to Harbourside Shopping Centre and Zollner Circuit on the Southern end of ICC Sydney Theatre, both accessed via Darling Drive.

CYCLING

Bike racks are available in Exhibition Car Park 1 including male and female shower and change room facilities. Personal locks are required.

ANZ SHAREHOLDER CENTRE WEBSITE

Shareholders are able to view information in the manner that best suits them on our Website: shareholder.anz.com. Documents are available in various formats – view online, download or request a hard copy.

2017 ANNUAL REPORT AND 2017 ANNUAL REVIEW

The Annual Report provides detailed financial data and information on the Group's performance as required to comply with applicable regulatory requirements. We also issue an Annual Review which is a non-statutory document covering key performance areas, financial information, remuneration details and corporate responsibility.

These documents are available at anz.com/annualreport or by calling the Share Registrar on 1800 11 33 99 (within Australia) or (61 3) 9415 4010 (outside Australia) to request a hard copy.



ANNUAL GENERAL MEETING AGENDA

TUESDAY, 19 DECEMBER 2017

9:00am	Registration Opens
9:15am	Morning Tea
10:00am	Annual General Meeting commences Welcome to Shareholders – Chairman Chief Executive Officer’s presentation Items of Business

Please join the Chairman, David Gonski, the Directors and senior executives of ANZ for refreshments after the Annual General Meeting

HOW BUSINESS WILL BE CONDUCTED AT THE MEETING

The Annual General Meeting is an important event and we encourage shareholders to actively participate.

Important information about the conduct of the Meeting is set out below.

DISCUSSION AND ASKING QUESTIONS

Discussion will take place on all items of business to be considered at the Meeting – refer to “Business” and “Explanatory Notes” below for further information relating to the items of business.

Shareholders as a whole will have a reasonable opportunity to ask questions at the Annual General Meeting (including an opportunity to ask questions of the Auditor).

To ensure that as many shareholders as possible have the opportunity to speak, shareholders are requested to observe the following guidelines:

- please keep questions as brief as possible and relevant to the matters being discussed;
- if a shareholder has more than one question, please ask all questions at the one time; and
- shareholders should not ask questions at the Meeting that they may have as an individual customer. These questions should be taken up with the ANZ representatives after the Meeting.

Shareholders who are unable to attend the Meeting or who may prefer to register questions in advance are invited to do so.

A Questions from Shareholders Form has been included in the AGM mailing and is also available on the website. We will attempt to address as many of the more frequently asked questions as possible in the Chairman’s and Chief Executive Officer’s presentations to the Meeting.

A shareholder information stand will be available in the area outside the Meeting room. In addition Directors and senior executives will be available after the Meeting.

WEBCAST AND PHOTOGRAPHY

We have arranged for the Annual General Meeting to be filmed and broadcast via a webcast which can be viewed at anz.com/agm. After the Meeting you can also watch an archived recording on the ANZ website.

We have arranged for photographs to be taken at the Meeting. If you attend the Meeting in person, you may be included in photographs or the webcast recording.

For the safety and security of all those present at the Meeting, cameras and recording devices are not permitted.

Prior to entry to the room, you will be asked to present any bags you have for a security search.

NOTICE OF 2017 ANNUAL GENERAL MEETING

Notice is given that the 49th Annual General Meeting of Australia and New Zealand Banking Group Limited will be held at Darling Harbour Theatre, Level 2, International Convention Centre Sydney, 14 Darling Drive, Sydney NSW 2009 on Tuesday, 19 December 2017 at 10:00am (AEDT).

BUSINESS

1. ANNUAL REPORTS

To consider the Annual Report, Financial Report and the Reports of the Directors and of the Auditor for the year ended 30 September 2017.

2. ADOPTION OF THE REMUNERATION REPORT

To adopt the Remuneration Report for the year ended 30 September 2017.

The vote on this resolution is advisory only.

3. GRANT OF PERFORMANCE RIGHTS TO MR SHAYNE ELLIOTT

To consider and, if thought fit, to pass the following resolution as an ordinary resolution:

“That, for the purposes of Listing Rule 10.14, sections 200B and 200E of the Corporations Act 2001 (Cth) and for all other purposes, approval is given for the Company to grant to the Company’s Chief Executive Officer, Mr Shayne Elliott, Performance Rights under the ANZ Share Option Plan on the terms set out in, and provide Mr Elliott the benefits described in, the Explanatory Notes to this Notice of Meeting.”

4. RE-ELECTION OF BOARD ENDORSED CANDIDATES

(a) TO RE-ELECT MS I R ATLAS

Ms Atlas is retiring in accordance with the Company’s Constitution and, being eligible, offers herself for re-election as a Director.

(b) TO RE-ELECT MR D M GONSKI, AC

Mr Gonski is retiring in accordance with the Company’s Constitution and, being eligible, offers himself for re-election as a Director.

(c) TO RE-ELECT MR J T MACFARLANE

Mr Macfarlane is retiring in accordance with the Company’s Constitution and, being eligible, offers himself for re-election as a Director.

5. APPROVAL OF THE SELECTIVE CAPITAL REDUCTION IN RESPECT OF ANZ CONVERTIBLE PREFERENCE SHARES

To consider and, if thought fit, to pass the following resolution as a special resolution:

“That approval is given to the terms and conditions of a selective capital reduction in respect of the CPS3 in an amount of up to \$100 per CPS3, as described in the Explanatory Notes to this Notice of Meeting.”

VOTING RESTRICTIONS

VOTING RESTRICTIONS FOR ITEM 2 (REMUNERATION REPORT)

Item 2 is a resolution connected directly with the remuneration of members of the key management personnel (KMP) of the Company. The Corporations Act restricts KMP and their closely related parties from voting on such resolutions. Closely related party is defined in the Corporations Act and includes a spouse, dependant and certain other close family members, as well as any companies controlled by a member of the KMP.

Any votes cast in any capacity (e.g. as a shareholder, proxy or corporate representative) on the proposed resolution in item 2 by or on behalf of:

- directors and the other members of the KMP details of whose remuneration are included in the remuneration report; and
- closely related parties of those persons,

will be disregarded. In addition, any votes cast as a proxy on this item by any other members of the KMP (and their closely related parties) will also be disregarded.

However, the Company will not disregard the vote as a result of these restrictions if it is cast:

- as proxy for a person entitled to vote in accordance with a direction on the proxy form; or
- by the Chairman of the Meeting as proxy for a person entitled to vote and the Chairman has received express authority to vote undirected proxies as the Chairman sees fit.

The Chairman of the Meeting intends to vote undirected proxies (where the Chairman has been appropriately authorised) in favour of item 2.

VOTING RESTRICTIONS FOR ITEM 3 (GRANT OF PERFORMANCE RIGHTS)

Item 3 is also a resolution connected directly with the remuneration of a member of the KMP (Mr Elliott).

In accordance with the ASX Listing Rules, any votes cast in any capacity (e.g. as a shareholder, proxy or corporate representative) on the proposed resolution in item 3 by Mr Elliott and any other Director who is eligible to participate in the ANZ Share Option Plan, and any of their associates, will be disregarded. The Corporations Act provides that Mr Elliott and his associates cannot cast a vote (in any capacity) on item 3.

In addition, a vote cast as a proxy on item 3 by any other members of the KMP and closely related parties of members of the KMP will be disregarded.

However, the Company will not disregard the vote as a result of these restrictions if it is cast:

- as proxy for a person entitled to vote in accordance with a direction on the proxy form; or
- by the Chairman of the Meeting as proxy for a person entitled to vote and the Chairman has received express authority to vote undirected proxies as the Chairman sees fit.

The Chairman of the Meeting intends to vote undirected proxies (where the Chairman has been appropriately authorised) in favour of item 3.

If you do not wish the Chairman of the Meeting to vote in favour of items 2 and/or 3 as your proxy, it is important that you complete the voting directions in respect of those items in Step 2 of the Proxy Form.

VOTING RESTRICTIONS FOR ITEM 5 (CPS3 CAPITAL REDUCTION)

Under the terms of CPS3, CPS3 holders cannot vote their CPS3 on item 5.

Additionally, a CPS3 holder (or their associate) who also holds the Company's ordinary shares cannot vote those ordinary shares in favour of item 5 but can vote those ordinary shares against that item. Under the Corporations Act, any such votes which are cast in favour of that item will be disregarded.

ASSOCIATES

The Voting Restrictions for items 3 and 5 apply to "associates" of Mr Elliott and CPS3 holders respectively. The applicable definitions of "associate" are set out in the Corporations Act. Shareholders who are "associates" subject to the Voting Restrictions and who intend to attend and cast a vote at the Meeting in person, should inform a representative of the Company's Share Registrar, Computershare, of that fact when they register at the Meeting.

QUESTIONS ON VOTING RESTRICTIONS

If shareholders (including nominees, custodians or fiduciaries) have questions on the Voting Restrictions, they should contact the Company's Share Registrar, Computershare, on 1800 11 33 99 (within Australia), 0800 174 007 (within New Zealand), 0870 702 0000 (within the United Kingdom) or (61 3) 9415 4010 (outside Australia).

ENTITLEMENT TO ATTEND AND VOTE

The Board has determined that, for the purposes of the Meeting (including voting at the Meeting), shareholders are those persons who are the registered holders of the Company's shares at 7:00pm (AEDT) on Sunday 17 December 2017.

Holders of the Company's ordinary shares may vote on all items of business, subject to the Voting Restrictions described above.

CPS3 holders are entitled to attend the Meeting but can only speak at the Meeting and vote on items of business in respect of any of the Company's ordinary shares they hold, subject to the Voting Restrictions described above.

UNDIRECTED PROXIES

The Chairman of the Meeting intends to vote undirected proxies (where he has been appropriately authorised, having regard to the Voting Restrictions above) in favour of each item of business.

VOTING BY PROXY

A shareholder who is entitled to attend and cast a vote at the Meeting may appoint a proxy. A proxy need not be a shareholder. A person can appoint an individual or a body corporate as a proxy. If a body corporate is appointed as a proxy, it must ensure that it appoints a corporate representative in accordance with section 250D of the Corporations Act to exercise its powers as proxy at the Meeting.

A shareholder who is entitled to cast 2 or more votes may appoint up to 2 proxies and may specify the proportion or number of votes each proxy is appointed to exercise.

The following addresses are specified for the purposes of receipt of proxy appointments and any authorities under which proxy appointments are signed (or certified copies of those authorities):

Australia

ANZ Share Registrar
GPO Box 242
Melbourne
Victoria 3001
Australia

ANZ Share Registrar
Yarra Falls
452 Johnston Street
Abbotsford
Victoria 3067 Australia

United Kingdom

ANZ Share Registrar
The Pavilions
Bridgwater Road
Bristol BS99 6ZZ
United Kingdom

New Zealand

ANZ Share Registrar
Private Bag 92119
Auckland 1142
New Zealand

Proxy appointments and any authorities under which they are signed (or certified copies of those authorities) may be sent by fax to facsimile number 1800 783 447 (within Australia) or (61 3) 9473 2555 (outside Australia).

Shareholders may also submit their proxy instructions electronically to the Company's Share Registrar by visiting www.investorvote.com.au, and Intermediary Online subscribers only (custodians) should visit www.intermediaryonline.com

To be effective, a proxy appointment and, if the proxy appointment is signed by the shareholder's attorney, the authority under which the appointment is signed (or a certified copy of the authority) must be received by the Company at least 48 hours before the commencement of the Meeting.

For more information concerning the appointment of proxies and the addresses to which Proxy Forms may be sent, please refer to the Proxy Form.

VOTING BY ATTORNEY

A shareholder may appoint an attorney to vote on his/her behalf. For an appointment to be effective for the Meeting, the instrument effecting the appointment (or a certified copy of it) must be received by the Company at its registered office or one of the addresses listed above for the receipt of proxy appointments at least 48 hours before the commencement of the Meeting.

CORPORATE REPRESENTATIVES

A body corporate which is a shareholder, or which has been appointed as a proxy, may appoint an individual to act as its representative at the Meeting. The appointment must comply with the requirements of section 250D of the Corporations Act. The representative should bring to the Meeting evidence of his or her appointment, including any authority under which it is signed, unless it has been given previously to the Company.

By Order of the Board



Simon Pordage
Company Secretary
Melbourne
14 November 2017

EXPLANATORY NOTES

ITEM 1 ANNUAL REPORTS

A copy of the Company's 2017 Annual Report, including the Financial Report and the Reports of the Directors and of the Auditor for the year ended 30 September 2017, can be found on the Company's website at anz.com/annualreport.

As a shareholder you may elect to receive by mail, free of charge, the Company's 2017 Annual Report (which includes detailed financial statements and reports) or the 2017 Annual Review (a non-statutory document covering key performance areas, financial information, remuneration details and corporate responsibility). If you would like a hard copy of either document, please contact the Company's Share Registrar, Computershare.

The Company mails a copy of the Annual Report or the Annual Review as applicable (when they are released each year) only to those shareholders who have made an election to receive them.

ITEM 2 ADOPTION OF THE REMUNERATION REPORT

As required by the Corporations Act, the Board presents the Remuneration Report to shareholders for consideration and adoption by a non-binding vote. The Remuneration Report contains:

- information about Board policy for determining the nature and amount of remuneration of the Company's Directors and most senior executives;
- a description of the relationship between the remuneration policy and the Company's performance; and
- remuneration details for key management personnel (including the Directors of the Company) for the period ended 30 September 2017.

The Remuneration Report, which is part of the 2017 Annual Report, can be found on the Company's website at anz.com/annualreport or can be obtained by contacting the Company's Share Registrar, Computershare.

Board Recommendation: The Board considers that the remuneration policies adopted by the Company are appropriately structured to provide rewards that are commensurate with the Company's performance and competitive with the external market. On this basis, the Board recommends that shareholders eligible to do so vote in favour of item 2.

ITEM 3 GRANT OF PERFORMANCE RIGHTS TO MR SHAYNE ELLIOTT

The Company is asking shareholders to approve the proposed grant of Performance Rights to the Chief Executive Officer (CEO), Mr Shayne Elliott, under the ANZ Share Option Plan on the terms and conditions set out below.

For the 2017 grant, Long Term Variable Remuneration (LTVR) will be delivered as two tranches of Performance Rights with forward looking (three year) performance hurdles where:

- 75% will be measured against the Total Shareholder Return (TSR) of the Select Financial Services comparator group (Tranche 1); and
- 25% will be measured against Absolute Compound Annual Growth Rate (CAGR) TSR (Tranche 2).

At a glance:

- Long Term Variable Remuneration (LTVR), in the form of Performance Rights, with a current face value of A\$4,200,000 at full vesting (A\$2,100,000 at threshold vesting) to be granted in two tranches;
- for Tranche 1, the performance condition is based on ANZ's TSR performance compared against a set comparator group with nil vesting below median, 50% vesting at median, and increasing to 100% vesting at the 75th percentile of the relevant comparator group;
- for Tranche 2, the performance condition is based on ANZ's Absolute CAGR TSR performance against targets as set by the Board, with nil vesting below 9.5%, 50% vesting at 9.5%, and increasing to 100% vesting at 14.3%;
- performance is assessed at the end of a 3 year Performance Period for both tranches (with no re-testing).

In more detail:

A Performance Right is a right to acquire an ordinary fully paid share in the Company at nil cost (i.e. nil exercise price), subject to meeting the applicable performance conditions. To the extent the performance conditions are met, the relevant number of Performance Rights will vest and become exercisable. Upon exercise, each Performance Right entitles Mr Elliott to one ANZ ordinary share which will rank equally with shares in the same class (there will be an exercise period ending 2 years after the vesting date). Mr Elliott is not required to pay any amount on grant of the Performance Rights, nor on their vesting and exercise. The Performance Rights form part of Mr Elliott's 'at risk' remuneration.

Performance Rights granted under the ANZ Share Option Plan do not carry any dividend or voting rights until they vest and are exercised.

If approval is obtained, it is the intention of the Board that the Performance Rights will be granted to Mr Elliott on 19 December 2017 (but, in any event, not more than 12 months after the date of this Annual General Meeting).

Grant value and calculation of the number of Performance Rights to be granted

Using a face value allocation methodology, the number of Performance Rights proposed to be granted to Mr Elliott will be determined by dividing the face value of the grant (i.e. A\$4,200,000) by the Volume Weighted Average Price (VWAP) of the Company's ordinary shares traded on the ASX in the five trading days up to and including 22 November 2017, which is the start of the Performance Period. The actual number of Performance Rights to be granted is not known at this stage as it will depend on the VWAP at the start of the Performance Period. Details of the actual number of Performance Rights will be announced to the ASX and will also be advised to shareholders at the 2017 Annual General Meeting.

The grant value will be split into two tranches of Performance Rights (75% Tranche 1 and 25% Tranche 2).

If, for example, the VWAP was A\$29.00, then 108,620 Performance Rights would be allocated to Mr Elliott for Tranche 1 and 36,206 Performance Rights for Tranche 2, summing to a total allocation of 144,826 Performance Rights.

Performance conditions

Tranche 1

The Board has determined that the Performance Rights to be granted to Mr Elliott (if approval is received) under Tranche 1 will be subject to a TSR hurdle which ranks the TSR performance of the Company with the TSR performance of the Select Financial Services comparator group.

The Select Financial Services comparator group includes the Bank of Queensland Limited, Bendigo and Adelaide Bank Limited, Commonwealth Bank of Australia Limited, DBS Bank Limited, Macquarie Group Limited, National Australia Bank Limited, Standard Chartered PLC, Suncorp Group Limited and Westpac Banking Corporation.

Broadly, TSR is the growth in share price, plus the value of the dividends and distributions on the relevant shares. The TSR is measured over a three year performance period starting on 22 November 2017 and ending on 21 November 2020 (Performance Period). The proportion of the Tranche 1 Performance Rights that will become exercisable will depend on the Company's TSR relative to the TSR of the constituents in the Comparator Group at the end of the Performance Period.

The level of performance required for each level of vesting, and the percentage of Performance Rights that vest at each level of performance, is set out in the table below. The Performance Rights lapse if the applicable performance condition is not met. There is no re-testing.

IF THE TSR OF THE COMPANY COMPARED TO THE TSR OF THE CONSTITUENTS OF THE COMPARATOR GROUP:	THE PERCENTAGE OF PERFORMANCE RIGHTS WHICH WILL VEST IS:
Does not reach the 50th percentile	0%
Reaches or exceeds the 50th percentile	50%, plus 2% for every one percentile increase above the 50th percentile
Reaches or exceeds the 75th percentile	100%

Tranche 2

The Board has determined that the Performance Rights to be granted to Mr Elliott (if approval is received) under Tranche 2 will be subject to an Absolute CAGR TSR hurdle with targets set by the Board.

The Absolute CAGR TSR is measured over the same three year Performance Period that applies to Tranche 1. The proportion of the Tranche 2 Performance Rights that will become exercisable will depend upon the Company’s Absolute CAGR TSR at the end of the Performance Period compared to the targets set by the Board.

The level of performance required for each level of vesting, and the percentage of Performance Rights that vest at each level of performance, is set out in the table below. The Performance Rights lapse if the performance condition is not met. There is no re-testing.

The Board retains discretion to adjust the Absolute CAGR TSR hurdle in exceptional circumstances to ensure that Mr Elliott is neither advantaged nor disadvantaged by matters outside management’s control that materially affect achievement of the Absolute CAGR TSR performance condition.

IF THE ABSOLUTE COMPOUND ANNUAL GROWTH RATE TSR OF THE COMPANY:	THE PERCENTAGE OF PERFORMANCE RIGHTS WHICH WILL VEST IS:
Does not reach 9.5%	0%
Reaches 9.5%	50%
Exceeds 9.5% but does not reach 14.3%	Progressive pro rata vesting between 50% and 100% (on a straight line basis)
Reaches or exceeds 14.3%	100%

Mr Elliott is not entitled to trade, transfer or otherwise deal in (including entering into any hedging arrangements in respect of) the Performance Rights or the underlying shares prior to vesting.

Treatment on termination of employment

If Mr Elliott:

- resigns, all unexercised Performance Rights will lapse (whether or not the Performance Rights have vested);
- is terminated by the Company with notice, except as set out below, in relation to “good leaver” termination, all unvested Performance Rights as at full notice termination date will lapse;
- is terminated by the Company for misconduct with notice in which case all unvested Performance Rights will lapse, or for serious misconduct without notice in which case all unvested Performance Rights and also vested and unexercised Performance Rights will lapse, on cessation of employment; or
- ceases employment in circumstances of death or total and permanent disability, the performance conditions will be waived and all unvested Performance Rights will be available and delivered as shares.

In certain circumstances termination may be classified by the Board as a “good leaver” termination. In such case, unless the Board determines otherwise, the number of any unvested Performance Rights held by Mr Elliott will be adjusted pro-rata for the period from the date of grant to the full notice termination date (with the remainder of the Performance Rights, representing the proportion of the Performance Period from the full notice of termination date to the end of the Performance Period, lapsing on cessation of employment) and, where and to the extent the Board determines the applicable performance condition is met, the relevant number of Performance Rights will vest and become exercisable at the original vesting date. On vesting, the Board may determine to deliver a cash equivalent payment, rather than the Company’s ordinary shares.

Treatment on change of control

The Conditions of Grant set out the treatment of the Performance Rights on a change of control. Where a change of control occurs, which includes a person acquiring a relevant interest in at least 50% of the Company’s ordinary shares as a result of a takeover bid, or other similar event, the applicable performance conditions applying to the Performance Rights will be tested and the Performance Rights will vest based on the extent the performance conditions are satisfied. No pro rata reduction in vesting will occur, and vesting will only be determined by the extent to which the relevant performance conditions are satisfied.

Any Performance Rights which vest based on satisfaction of the performance conditions will vest at a time (being no later than the final date on which the change of control event will occur) determined by the Board.

Any Performance Rights which do not vest will lapse with effect from the date of the change of control event occurring, unless the Board determines otherwise.

Other information

ANZ provides the following additional information in relation to the proposed grant of Performance Rights to Mr Elliott.

The Chief Executive Officer (Mr Elliott) is the only Director entitled to participate in the ANZ Share Option Plan. No associate of any Director is entitled to participate.

Mr Elliott was granted 150,482 Performance Rights on 16 December 2016 at no cost to him, as approved by shareholders at the 2016 Annual General Meeting.

There is no loan scheme in relation to the Performance Rights (or the shares underlying them).

On vesting of the Performance Rights, shares may be issued or acquired on market, or the Board may determine to settle the Performance Rights with a cash equivalent amount. Details of any shares issued under the ANZ Share Option Plan will be published in the Company's annual report for the relevant period.

The Board retains discretion to reduce any equity grant made to Mr Elliott (including reducing it to zero) if the Board considers such an adjustment necessary to protect the financial soundness of ANZ, to meet unexpected or unknown regulatory requirements or if the Board subsequently considers that having regard to information which has come to light after the grant of equity, the grant was not justified.

Under section 200B of the Corporations Act, a company may only give a person a benefit in connection with their ceasing to hold a managerial or executive office in the company or a related body corporate if it is approved by shareholders under section 200E or an exemption applies. Section 200B of the Corporations Act applies to managerial or executive officers of the Company or any of its subsidiaries, which includes Mr Elliott. The term "benefit" has a wide operation and could include the early vesting of the Performance Rights under the rules of the ANZ Share Option Plan.

Accordingly, shareholder approval is also sought for the purpose of section 200E of the Corporations Act to allow the Company to deal with the Performance Rights upon Mr Elliott ceasing employment in accordance with the Conditions of Grant (see "Treatment on termination of employment" above) including where to do so would involve the giving of a "benefit" to Mr Elliott in connection with him ceasing to hold a managerial or executive office. The approval is sought in relation to the Performance Rights proposed to be granted to Mr Elliott under item 3 in this Notice of Meeting.

The value of any benefit relating to the Performance Rights given in connection with Mr Elliott ceasing to hold managerial or executive office cannot presently be ascertained. However, matters, events and circumstances that will, or are likely to, affect the calculation of that value are:

- the number of Performance Rights held by Mr Elliott prior to cessation of employment;
- the circumstances of or reasons for Mr Elliott's cessation of employment (see "Treatment on termination of employment" above);
- the result of any prorating on cessation of employment;
- whether performance hurdles are waived or (if not waived) met, and the number of Performance Rights that vest (which could be all of the Performance Rights held by Mr Elliott); and
- the market price of ANZ shares on ASX on the date shares are provided to Mr Elliott upon vesting of the Performance Rights.

The rules of the ANZ Share Option Plan address the impact of rights issues and bonus issues on the Performance Rights.

A copy of the ANZ Share Option Plan rules is available on request from the Company Secretary.

Board Recommendation: The Board considers that the proposed granting of Performance Rights is appropriate and is in the best interests of the Company and its shareholders, as the grant strengthens the alignment of Mr Elliott's interests with shareholders, and the Performance Rights provide a strong link between the reward for Mr Elliott's performance and total shareholder returns over the next three year period.

The Board also considers that obtaining shareholder approval to allow the Company to deal with the Performance Rights upon Mr Elliott ceasing employment in accordance with the Conditions of Grant is appropriate and in the best interests of the Company and its shareholders. It will provide the Company with the ability to ensure its ongoing compliance with section 200B of the Corporations Act and with the Conditions of Grant for the Performance Rights.

Accordingly, the Board (excluding Mr Elliott because of his interest) recommends that shareholders eligible to do so vote in favour of item 3.

ITEM 4 RE-ELECTION OF BOARD ENDORSED CANDIDATES

The Board endorsed candidates standing for re-election as Directors, and their details, are set out below. They are each retiring in accordance with the Company's Constitution and offer themselves for re-election.

ITEM 4(A) TO RE-ELECT MS I R ATLAS

Ms I R Atlas

BJURIS (HONS), LLB (HONS), LLM

Independent Non-Executive Director, appointed in September 2014.

Ms Atlas is Chair of the Human Resources Committee and is a member of the Audit Committee and Environment, Sustainability and Governance Committee.

Career

Ms Atlas brings a strong financial services background and legal experience to the Board. Ilana was a partner at law firm Mallesons Stephen Jaques (now King & Wood Mallesons), where in addition to her practice in corporate law, she held a number of management roles in the firm including Executive Partner, People and Information, and Managing Partner. She also worked at Westpac for 10 years, where her roles included Group Secretary and General Counsel and Group Executive, People, where she was responsible for human resources, corporate affairs and sustainability. Ilana has a strong commitment to the community, in particular the arts and education.

Relevant Other Directorships

Chairman: Coca-Cola Amatil Limited (from 2017, Director from 2011) and Jawun (from 2017, Director from 2014).

Director: Westfield Corporation Limited (from 2014) and Human Rights Law Centre Ltd (from 2012).

Member: Panel of Adara Partners (from 2015).

Fellow: Senate of the University of Sydney (from 2015).

Relevant Former Directorships held in last three years, include

Former Chairman: The Bell Shakespeare Company Limited (2010–2016, Director 2004–2016).

Former Director: Treasury Corporation of New South Wales (2013–2017), Suncorp Group Limited (2011–2014), Suncorp-Metway Limited (2011–2014), AAI Limited (2011–2014) and Scentre Group Limited (previously known as Westfield Holdings Limited) (2011–2014).

Age: 63. Residence: Sydney

Board recommendation: The Board (excluding Ms Atlas because of her interest) endorses the re-election of Ms Atlas as a Director.

**ITEM 4(B)
TO RE-ELECT MR D M GONSKI, AC****Mr D M Gonski, AC**

BCOM, LLB, FAICD(LIFE), FCPA

Independent Non-Executive Director, appointed as a Director in February 2014 and Chairman in May 2014.

Mr Gonski is Chairman of the Board and is an ex officio member of all Board Committees including Chairman of the Environment, Sustainability and Governance Committee.

Career

Mr Gonski started his career as a lawyer at Herbert Smith Freehills, and is now one of Australia's most respected business leaders and company directors. He has business experience in Australia and internationally, and is involved in a broad range of organisations in the government and education sectors. He is a leading philanthropist and provides strong community leadership, particularly in relation to education in Australia.

Relevant Other Directorships

Chairman: The University of New South Wales Foundation Limited (from 2005, Director from 1999).

Director/Member: Lowy Institute for International Policy (from 2012), Australian Philanthropic Services Limited (from 2012), ASIC External Advisory Panel (from 2013) and Advisory Committee for Optus Limited (from 2013).

Chancellor: University of New South Wales Council (from 2005).

President: Art Gallery of NSW Trust (from 2016).

Chair: Review to Achieve Education Excellence in Australian Schools for the Commonwealth of Australia

Relevant Former Directorships held in last three years, include

Former Chairman: Coca-Cola Amatil Limited (2001–2017, Director from 1997), Sydney Theatre Company Ltd (2010–2016), Guardians of the Future Fund of Australia (2012–2014), Swiss Re Life & Health Australia Limited (2011–2014), Investec Bank (Australia) Limited (2002–2014), Investec Holdings Australia Limited (2002–2014), Ingeus Limited (2009–2014) and National E-Health Transition Authority Ltd (2008–2014).

Former Director: Singapore Telecommunications Limited (2013–2015), Investec Property Limited (2005–2014) and Infrastructure NSW (2011–2014).

Age: 64. Residence: Sydney

Board recommendation: The Board (excluding Mr Gonski because of his interest) endorses the re-election of Mr Gonski as a Director.

**ITEM 4(C)
TO RE-ELECT MR J T MACFARLANE****Mr J T Macfarlane**

BCOM, MCOM (HONS)

Independent Non-Executive Director, appointed in May 2014.

Mr Macfarlane is a member of the Audit Committee, Risk Committee and Digital Business and Technology Committee.

Career

Mr Macfarlane is one of Australia's most experienced international bankers having previously served as Executive Chairman of Deutsche Bank Australia and New Zealand, and CEO of Deutsche Bank Australia. Mr Macfarlane has also worked in the USA, Japan and PNG, and brings to the Board a depth of banking experience in ANZ's key markets in Australia, New Zealand and the Asia Pacific.

He is committed to community health, and is a Director of St Vincent's Institute of Medical Research (from 2008) and the Aikenhead Centre of Medical Discovery Limited (from 2016).

Relevant Other Directorships

Director: Craigs Investment Partners Limited (from 2013), Colmac Group Pty Ltd (from 2014) and AGInvest Holdings Limited (MyFarm Limited) (from 2014, Chairman 2014–2016).

Relevant Former Directorships held in last three years, include

Former Executive Chairman: Deutsche Bank AG, Australia and New Zealand (2007–2014) and Chief Country Officer, Australia (2011–2014).

Former Director: Deutsche Australia Limited (2007–2014) and Deutsche Securities Australia Limited (2011–2014).

Former Chief Executive Officer: Deutsche Australia Limited (2011–2014).

Former Member: Business Council of Australia (2011–2014).

Age: 57. Residence: Melbourne

Board recommendation: The Board (excluding Mr Macfarlane because of his interest) endorses the re-election of Mr Macfarlane as a Director.

ITEM 5 APPROVAL OF THE SELECTIVE CAPITAL REDUCTION RELATING TO THE ANZ CONVERTIBLE PREFERENCE SHARES (CPS3)

The purpose of item 5 is to provide the Company with flexibility to manage its capital. It gives the Company flexibility to repay the CPS3 that were issued on 28 September 2011.

What are the CPS3?

CPS3 are fully paid mandatorily convertible preference shares issued by the Company. The CPS3 were issued primarily to retail investors in Australia to raise regulatory capital. 13,400,000 CPS3 were issued at an issue price of A\$100 each, raising a total of A\$1,340,000,000. The amount raised has been used for the Company's general corporate purposes.

The CPS3 were issued under a prospectus dated 31 August 2011 which summarises the CPS3 (**CPS3 Prospectus**). You can obtain a free copy of the CPS3 Prospectus by visiting the convertible preference share section of the Company's website at <http://shareholder.anz.com/convertible-preference-shares> or by contacting ANZ Investor Relations on (+61 3) 8654 7682.

How many CPS3 are currently on issue?

Only 5,728,859 CPS3 are currently on issue. In connection with the Company's offer of ANZ Capital Notes 5 made under a prospectus dated 24 August 2017, 7,671,141 CPS3 were bought-back on-market by the Company at their issue price of A\$100 per CPS3 and cancelled in September 2017.

Why are we seeking shareholder approval?

The Board considers that the Company should have the flexibility to repay the CPS3 at a future time. Under the CPS3 terms, the repayment can be accomplished via different mechanisms, including by way of a selective capital reduction. Under the Corporations Act, any selective capital reduction in respect of the CPS3 needs the approval of the Company's shareholders.

Accordingly, approval is being sought for a selective capital reduction in respect of the CPS3 under the capital reduction scheme contained in the terms of the CPS3 and set out in the CPS3 Prospectus (the **Capital Reduction**). APRA has approved the repayment.

The Capital Reduction could be conducted and implemented on 1 March 2018 or 3 September 2018 for up to all of the CPS3 then on issue. There are other methods the Company can use to repay the CPS3, and obtaining shareholder approval for the Capital Reduction would not mean those other methods will not be used either in place of, or together with, the Capital Reduction.

If not repaid earlier, the CPS3 will mandatorily convert into ordinary shares of the Company on the earlier of 1 September 2019 and the next dividend payment date after 1 September 2019, on which the certain conversion conditions are satisfied.

Will any Capital Reduction of the CPS3 take place?

No decision has been made whether to undertake the Capital Reduction or when any Capital Reduction might occur.

The Board will only decide to undertake the Capital Reduction or otherwise repay the CPS3, if it considers it:

- is in the best interests of the Company;
- is fair and reasonable to the Company's shareholders as a whole; and
- does not materially prejudice the Company's ability to pay its creditors.

What is the purpose of these Explanatory Notes?

These Explanatory Notes state all information known to the Company that is material to the decision on how to vote on item 5.

(a) Summary of the Capital Reduction

If the Company decides to undertake the Capital Reduction in respect of all of the CPS3, the Company expects that it would pay to a holder of CPS3 A\$100.00 for each CPS3 they hold.

(b) Interests of Directors

No Director has an interest in any CPS3.

(c) The financial effect of the Capital Reduction on the Company

The Capital Reduction would have the effect of reducing the Company's September 2017 tier 1 and total capital by A\$572,885,900 or approximately 0.15%. Capital ratios are expected to remain significantly above management's minimum capital ratios.

(d) Source of funds for the Capital Reduction

The Company has significant cash reserves and other funding alternatives that could be used to fund the Capital Reduction. The Directors would, at the relevant time, consider the best alternative or combination of alternatives for funding any Capital Reduction.

(e) Effect of the Capital Reduction on the control of the Company

Each CPS3 entitles a Holder to limited voting rights. Given these limited voting rights and the nature of the CPS3, the Board considers that any Capital Reduction would have no effect on the control of the Company.

(f) Identity of the affected shareholders

As at 30 September 2017, there were 8,632 registered holders of CPS3. CPS3 are quoted on ASX and held by a variety of investors predominantly based in Australia.

Board Recommendation: The Board considers that giving the Company the ability to undertake the Capital Reduction is in the interests of the Company as it provides the Company with greater flexibility to implement its capital management strategy. On this basis, the Board recommends that shareholders eligible to do so vote in favour of item 5.

