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# Media Release

2 November 2005

## **Westpac announces a \$700 million off market share buy-back**

Westpac Banking Corporation today announced that it would conduct an off-market buy-back tender for approximately \$700 million of ordinary shares.

The buy-back will involve a tender process, under which eligible shareholders can tender their Westpac shares at discounts of between 8 per cent and 14 per cent inclusive (at 1 per cent increments) to the Market Price<sup>1</sup>, or as a Final Price Tender<sup>2</sup>.

The final buy-back price will be based on the largest discount in the tender range that enables Westpac to repurchase its targeted amount of capital. All tenders accepted will receive the same buy-back price.

Chief Financial Officer, Philip Chronican, said the buy-back continues Westpac's practice of actively managing its capital base.

"The high quality financial results that we have announced today have contributed to a significant capital surplus, resulting in capital ratios above our target ranges.

"We have considered various ways to return this surplus capital to shareholders and have determined that an off-market buy-back is in the best interests of Westpac as a whole, as it offers benefits to both participating and non-participating shareholders," Mr Chronican said.

The buy-back will address the cash earnings per share dilution resulting from an increasing share count. Compared to an on-market buy-back, an off-market buy-back will enable a higher number of shares to be repurchased over a shorter period of time.

While the buy-back will result in a reduction of Westpac's available franking credits, Westpac's ability to continue to fully frank its dividends remains strong.

For Australian tax purposes, the portion of the buy-back price in excess of the \$4.00 capital component will be treated as a fully franked deemed dividend. As shares will only be bought back at a discount of at least 8% to the Market Price of Westpac shares, it is expected that shareholders who are not Australian residents for tax purposes will not choose to participate as they are likely to obtain a better outcome by selling their shares on-market. Shareholders in the USA, Canada and

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<sup>1</sup> The 'Market Price' means the volume weighted average price of Westpac ordinary shares sold on the ASX (excluding not-at-market trades) over the five trading days up to and including the closing date of the buy-back (as defined in the buy-back booklet).

<sup>2</sup> A Final Price Tender is an offer to sell shares to Westpac at the buy-back price that is determined under the tender process.

Japan are ineligible to participate in the buy-back. In addition, Restricted Employee Shares and ADRs are not eligible to be tendered into the buy-back.

Full details of the buy-back will be provided in the buy-back tender booklet, which will be posted, together with a personalised tender form, to all eligible shareholders by 24 November 2005.

The buy-back tender period will open on Monday, 28 November and close at 9pm (Sydney time) on Friday, 16 December 2005.

Shareholders with a registered holding on 23 November 2005 will still receive the final dividend, even if they tender their shares into the buy-back.

#### **TIMETABLE FOR BUY-BACK TENDER\***

<b>EVENT</b>	<b>DATE (2005)</b>
Last day that shares can generally be acquired to be eligible for buy-back franking credits <sup>(1)</sup>	Thursday, 3 November
Shares quoted ex-entitlement to participate in the buy-back <sup>(2)</sup>	Tuesday, 8 November
Determination of shareholders entitled to participate in the buy-back (Record Date)	Monday, 14 November
Tender Period opens	Monday, 28 November
Tender Period closes 9pm (Sydney time)	Friday, 16 December
Expected announcement of the buy-back price and any scale back	Monday, 19 December
Dispatch/crediting of buy-back proceeds	Friday, 23 December

- (1) Shares purchased after Thursday, 3 November 2005, will generally not qualify for franking entitlements in the buy-back under the ATO's 45-day rule. Any shares purchased on Friday, 4 November 2005 and Monday, 7 November 2005 will carry an entitlement to participate in the buy-back, but will not carry an entitlement to receive any franking credits and rebates attached to the dividend component of the buy-back price.
- (2) Westpac has obtained indicative confirmation from the ATO that shares purchased on an ex-entitlement basis on or after Tuesday, 8 November 2005 will not be included in the 'last-in-first-out rule' and will therefore not affect entitlements to franking credits on shares tendered into the buy-back.

\* Dates are subject to change

Buy-back enquiries can be directed to the Westpac buy-back enquiry line on 1800 804 255 within Australia, 0800 002 727 within New Zealand or +612 8280 7070 if calling from outside Australia and New Zealand. Further information on the buy-back will also be available at [www.westpac.com.au/investorcentre](http://www.westpac.com.au/investorcentre).

Ends.

#### **For Further Information**

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### Other relevant information

- Consistent with Tax Determination TD 2004/22, the Tax Value is expected to be the volume weighted average price over the five trading days before announcement of the Buy-back, adjusted for the movement in the S&P/ASX 200 Banks Index from the announcement date to the close of trading on 16 December 2005, and further adjusted on an ex-dividend basis. If the S&P/ASX 200 Banks Index is not reflective of the movement in Westpac's share price over the period, then Westpac may choose to approach the ATO and apply for a more appropriate adjustment index.
- For Australian capital gains tax purposes, the deemed capital proceeds that will be received on disposal of shares under the buy-back will be the \$4.00 capital component plus an amount equal to the amount by which the Tax Value exceeds the buy-back price. Westpac does not intend to buy back shares at a price that exceeds the Tax Value.
- Westpac may vary the size of the buy-back depending on shareholder demand.
- If the total number of shares tendered as a Final Price Tender or at a discount greater than or equal to the final tender discount is greater than the number of shares Westpac determines to repurchase, tenders will be scaled back. The scale back policy is described in the buy-back tender booklet.
- Shareholders who participate in the buy-back should not be subject to broker fees.
- Shareholders who wish to sell all their shares through the buy-back may consider withdrawing from the Bank's dividend reinvestment plan by 5pm on 23 November 2005 to avoid being left with a small parcel of shares after the buy-back. This can be done by contacting Westpac's share registrar, Link Market Services Limited, via the enquiry line numbers set out on the previous page.

### Important notice

*This buy-back is not available to persons in, and this document is not to be distributed into, the United States, Canada or Japan. No offer is being made in the United States, Canada or Japan or to U.S. Persons (within the meaning of Regulation S under the Securities Act) or residents of Canada or Japan.*

*This release does not constitute, or form part of, any offer or invitation to sell, or any solicitation of any offer to purchase any securities in any jurisdiction, nor shall it or its distribution be relied on in connection with any contract in relation to securities. No indications of interest in the buy-back are sought by this press release, which relates to the Westpac off-market buy-back tender. Shareholders in the United States, Canada and Japan or who are, or who are acting for the account or benefit of, a U.S. Person or a resident of Canada or Japan, ADR Holders and holders of restricted Westpac employee shares will not be eligible to participate in the off-market buy-back described in this press release. Buy-back documents, including the booklet describing the terms and conditions of the buy-back and tender forms, when issued, will not be distributed or sent into the United States, Canada or Japan.*

*Shares subject to restrictions under Westpac employee plans and American Depositary Receipts representing Westpac shares are not eligible to be tendered into the buy-back.*