

**NO OFFER IN RESPECT OF THE BUY-BACK WAS MADE IN THE UNITED STATES, CANADA OR JAPAN, OR TO U.S PERSONS OR TO RESIDENTS OF CANADA OR JAPAN.**

# Media Release

19 December 2005

## **Westpac completes \$1 billion off-market share buy-back**

Westpac announced today the successful completion of its off-market share buy-back. Very strong demand has led Westpac to increase the size of the buy-back to \$1 billion, an increase of \$300 million on its announced target size of \$700 million.

Demand for the buy-back saw over \$2 billion worth of shares being tendered at the maximum tender discount of 14% and as Final Price Tenders. As a result, a scale back of 53.8% was required.

The buy-back price has been set at \$19.13 per share, which represents a 14% discount to the volume weighted average price of Westpac ordinary shares sold on the ASX over the five trading days up to and including the closing date of the buy-back<sup>1</sup>.

Westpac will buy back a total of 52.3 million shares, or 2.8% of Westpac's ordinary shares on issue, for a total consideration of \$1 billion.

Westpac's strong capital position and capital generation capacity has enabled an increase in the size of the buy-back. For the year ended 30 September 2005, Westpac generated over \$1 billion in surplus capital<sup>2</sup> and reported a cash return on equity of 21%.

Following the buy-back, Westpac's key capital ratios will remain at the upper end of its target ranges. At the same time, Westpac maintains flexibility to absorb any changes to capital associated with the transition to IFRS. Adjusting for the \$1 billion share buy-back, Westpac's pro-forma capital ratios at 30 September 2005 would have been:

- ACE ratio of 4.8% (target range of 4.5-5.0%); and
- Tier 1 ratio of 6.6% (target range of 6.0-6.75%).

The scale back for the buy-back will be applied as follows:

- Shareholders who tendered their shares at a tender discount of 14% or as a Final Price Tender, excluding Small Holding Tenders, will have 200 shares bought back (the 'Priority Allocation') before the scale back is applied. As a

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<sup>1</sup> The Market Price (as defined in the buy-back booklet) for Westpac ordinary shares sold on the ASX over the five trading days up to and including 16 December 2005 and adjusted for certain trades considered to be not "at-market" was \$22.2447.

<sup>2</sup> Surplus relative to Westpac's Adjusted Common Equity (ACE).

result of the 53.8% scale back, these shareholders will have 46.2% of their tendered shares in excess of the Priority Allocation bought back.

- Shareholders who tendered all of their shares at a tender discount of 14% or as a Final Price Tender and who would be left with 100 shares or less as a result of the scale back (a 'Small Holding Tender'), will have all of their shares bought back in full.
- Tenders made at tender discounts smaller than 14% will not be accepted.

Sections 1.19 and 1.20 of the buy-back booklet provide further detail on the scale back process.

For shareholders who have successfully tendered shares, the buy-back price includes a fully franked deemed dividend of \$15.13 per share and a capital component of \$4.00 per share. For capital gains tax purposes, Australian resident individuals and complying superannuation funds whose shares are bought back will be deemed to have disposed of each share for \$5.18, being the \$4.00 capital component plus \$1.18, being the excess of the Tax Value<sup>3</sup> over the buy-back price.

Payment for shares bought back will be credited to nominated accounts and cheques will be posted to shareholders by 23 December 2005. Shares tendered into the buy-back but not bought back are expected to be released to shareholders' holdings by the open of trading on Tuesday, 20 December 2005.

Shareholders who have any enquiries in relation to their tenders may contact the enquiry line on 1800 804 255 (toll free) within Australia, 0800 002 727 (toll free) within New Zealand or on +61 2 8280 7070 from outside Australia and New Zealand.

Ends.

### **For Further Information**

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<sup>3</sup> The Tax Value of \$20.31 was calculated as \$19.83 adjusted by the movement in the S&P/ASX 200 Banks Index from the level at commencement of trading on 2 November 2005 of 5,891.32 to the closing level on 16 December 2005 of 6033.58.