

Media Release

9 December 2008

Not for release into the United States or to U.S. Persons

This press release does not constitute an offer of shares for sale in the United States or any other jurisdiction in which such an offer would be illegal. The shares have not been registered under the United States Securities Act of 1933, as amended, and may not be offered or sold in the United States or to or for the account or benefit of U.S. persons unless the shares are registered under such Act or an exemption from the registration requirements of the Act is available.

Westpac Announces \$2.5 billion Underwritten Share Placement

Westpac today launched a fully underwritten institutional share placement to raise \$2.5 billion. The capital raising further increases Westpac's capital resources, enhances its balance sheet flexibility and will position the organisation to capture organic growth opportunities. The \$2.5 billion adds approximately 92 basis points to Westpac's capital ratios and boosts Tier 1 capital to around 8.32% on a 30 September 2008 pro-forma basis, after the consolidation of St.George Bank.

At its full year result announcement in October 2008, Westpac indicated that its new Tier 1 capital target range was 6.75% to 7.75%, noting that in the current highly uncertain environment the Bank prefers to operate toward the upper end of this target range and from time to time above this range.

In deciding to raise \$2.5 billion, Westpac took into consideration the following factors:

- Hybrid equity markets have become more challenging and the ability to raise capital through this mechanism, including the replacement of the St.George Bank hybrids, is uncertain;
- Opportunities for growth. Demand for Westpac's balance sheet is expected to increase in the coming period including from the maturity of corporate bonds and a reduction in foreign bank capacity for Australasian corporates. Decisions to extend funding will need to meet Westpac's normal lending criteria and be within acceptable company and industry limits; and
- The impact of the slowing economy and any further deterioration in credit and operating conditions.

The merger with St.George Bank was finalised on 1 December 2008 and its portfolio continues to perform in line with expectations and findings from the due diligence. Following the merger, Westpac has conservatively allowed for \$500 million in fair value and acquisition adjustments. This placement also provides Westpac with the flexibility to manage these potential adjustments.

It is also important to note that there is not expected to be any change in Westpac's capital requirements from the transitioning of the St.George Bank portfolios to the standardised approach under Basel II on 1 January 2009.

Westpac's performance in the first two months of 2009 has been sound, with overall trends in earnings consistent with that experienced in the second half of 2008. The first two months have been impacted by higher impairment provisions, including the top-up to provisions for previously announced exposures, including Allco and ABC Learning, as well as for one corporate downgrade.

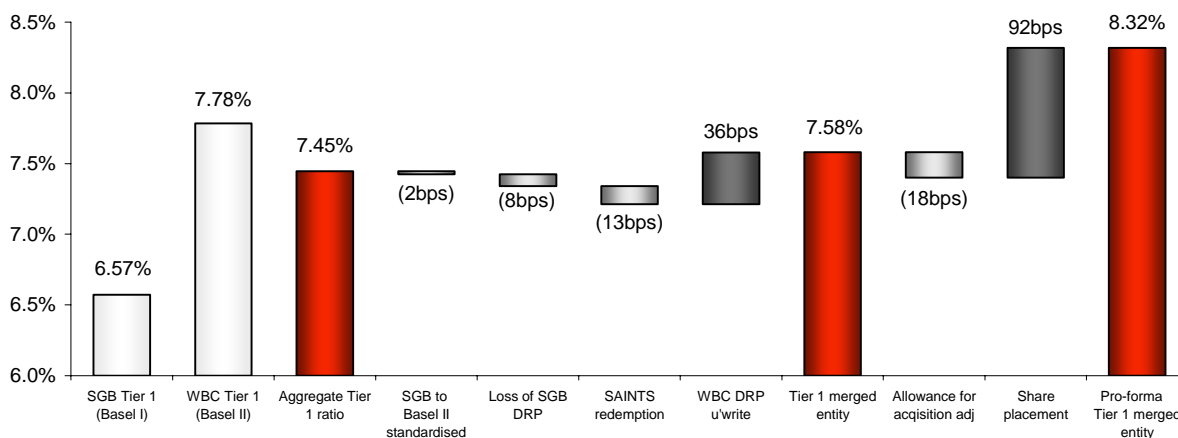
The placement will be conducted by way of an institutional bookbuild. Westpac's shares have now been placed in a trading halt with trading expected to resume at 10am on 10 December 2008.

The placement size is fixed at \$2.5 billion and will not be increased. The placement has been fully underwritten by J.P. Morgan Australia Limited, UBS AG, Australia Branch and Morgan Stanley Australia Securities Limited.

Following the placement, Westpac will also offer retail shareholders the opportunity to participate in a non-underwritten share purchase plan (SPP). The SPP will provide eligible ordinary shareholders (shareholders that were on the register at 5pm Sydney time on 8 December 2008) with the opportunity to subscribe for up to A\$10,000 worth of Westpac ordinary shares (subject to obtaining ASIC relief). However, Westpac will reserve the right to scale back applications under the SPP if total demand exceeds \$500 million. The SPP price will be the lower of the institutional placement price and the volume weighted average price during a period to be determined. Further details of the SPP will be provided to eligible shareholders in due course.

Following is a calculation of Westpac's pro-forma capital ratios as at 30 September 2008 which also includes Westpac's DRP underwrite and the underwritten placement.

30 September 2008 Pro-forma impacts on Westpac's Tier 1 capital ratio (%)



Ends.

For Further Information

David Lording
 Westpac Media Relations
 Ph: 02 8253 3510
 Ph: 0419 683 411