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8 October 2009

Companies Announcement Platform
ASX Limited
20 Bridge Street
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Dear Sir/Madam,

Westpac Banking Corporation – NZ Tax Decision Handed Down

Please find attached a media release on the outcome of the court case on New Zealand Structured Finance Transactions between Westpac and the New Zealand Inland Revenue Department.

This announcement releases the trading halt.

Yours sincerely

Anna Sandham
Head of Group Secretariat

Media Release

8 October 2009

NZ Tax Decision Handed Down

Tax assessments for nine structured finance transactions undertaken between 1998 and 2002 have been the subject of proceedings between Westpac Banking Corporation ("Westpac") and the Commissioner of Inland Revenue ("CIR") New Zealand.

The proceedings challenged amended assessments issued by the CIR in respect of Westpac's tax treatment of these transactions. The judgment released by the High Court in Auckland found in favour of the CIR on four representative transactions. When taking into account all of the nine transactions the financial cost of the judgment would be NZ\$918 million (A\$753 million), made up of core tax of NZ\$586 million and interest of NZ\$332 million (all as at 30 September 2009).

Westpac NZ CEO, George Frazis said: "The length of the trial, the time taken to consider arguments, and the time taken to get to this stage, clearly demonstrate the complexity of the issues being contested."

"We have always believed that the transactions were commercially justified and complied with the law. This is particularly so because Westpac obtained a ruling in 2001 from the CIR in respect of a similar transaction which confirmed Westpac's view that a transaction of this type satisfied all tax laws and in particular was not tax avoidance. We are very disappointed with this decision."

Mr Frazis said that Westpac would take time to go through the detail of the judgment and would be considering an appeal. The Westpac Group will review appropriate provisions as part of its Full Year 2009 results, to be announced on 4 November 2009. Should Westpac increase its existing tax provisions relating to this matter to NZ\$918 million, this would impact Westpac's Tier 1 capital ratio by approximately 25 basis points. Any change in provisions will not be included in cash earnings.

"The Westpac Group maintains a Tier 1 ratio well above its target range and is able to meet any additional tax that may be payable as a result of the judgment," Mr Frazis said. "This judgment will not impact our day to day operations in any way."

Ends.

For Further Information

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