

Media Release



Corporate Communications
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For Release: 29 July 2008

ANZ Stapled Exchangeable Preferred Securities (ANZ StEPS) to be Exchanged for Ordinary Shares

ANZ today announced it would write to ANZ StEPS holders to formally notify them of ANZ's decision to Exchange all ANZ StEPS by way of Conversion into ANZ ordinary shares at a 2.5% discount.

On 15 September 2008 ANZ will issue each holder of ANZ StEPS with ANZ ordinary shares. The number of ANZ ordinary shares to be issued will be calculated in accordance with the formula set out in the ANZ StEPS Prospectus. The formula is based on the average of the daily volume weighted average sale prices of ANZ ordinary shares (VWAP) in the 20 business day period commencing 18 August 2008. Broadly, the number of ANZ ordinary shares holders will receive for each ANZ StEPS (which have a Face Value of \$100 each) will be equal to approximately \$102.56 (this includes the 2.5% discount ANZ StEPS holders are entitled to) divided by the VWAP.

The VWAP may differ from the actual price of ANZ ordinary shares at the time of Conversion on 15 September 2008. Accordingly the value of ANZ ordinary shares issued to holders of ANZ StEPS at the time of Conversion may be more or less than the Face Value of holders' ANZ StEPS

Investors who wish to reduce their exposure to movements in the ANZ ordinary share price may consider selling their ANZ StEPS on the ASX prior to the commencement of the VWAP pricing period on 18 August 2008. Following this date ANZ expects that the VWAP pricing mechanism may begin to affect the trading price of ANZ StEPS. If you are unsure how to deal with your ANZ StEPS, ANZ recommends that you contact your stockbroker, accountant or financial advisor.

ANZ StEPS may be traded until 4.00 pm (Melbourne time) on Friday 5 September 2008. ANZ StEPS will no longer be quoted on the ASX after this time. In this respect, ANZ waives the requirement that any holders who have given ANZ a Holder Exchange Notice may not deal with, transfer, dispose of or otherwise encumber their ANZ StEPS.

Notwithstanding the Exchange of ANZ StEPS that will take place on 15 September 2008, the next quarterly distribution on ANZ StEPS remains payable to all applicable ANZ StEPS holders. The record date for this distribution is 29 August 2008 and the payment is scheduled to be made on 15 September 2008.

For media and investor enquiries contact:

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Attachment: Letter to ANZ StEPS holders.

ANZ Stapled Exchangeable Preferred Securities (ANZ StEPS) to be Exchanged for Ordinary Shares

Dear ANZ StEPS holder

Why are we writing to you?

ANZ announced on 28 July 2008 that it will Exchange all ANZ StEPS into ANZ ordinary shares at a 2.5% discount on 15 September 2008 in line with the terms set out in the Prospectus.

This letter provides formal notice of that Exchange. The Exchange will be effected by Conversion of ANZ StEPS into ANZ ordinary shares in accordance with clause 5 of the Preference Share Terms.

What does Conversion mean?

On 15 September 2008 ANZ will issue each holder of ANZ StEPS with ANZ ordinary shares. The number of ANZ ordinary shares to be issued will be calculated in accordance with the formula set out in the ANZ StEPS Prospectus. The formula is based on the average of the daily volume weighted average sale prices of ANZ ordinary shares (**VWAP**) in the 20 business day period commencing 18 August 2008. Broadly, the number of ANZ ordinary shares you will receive for each ANZ StEPS (which have a Face Value of \$100 each) will be equal to approximately \$102.56 (this includes the 2.5% discount ANZ StEPS holders are entitled to) divided by the VWAP.

The VWAP may differ from the actual price of ANZ ordinary shares at the time of Conversion on 15 September 2008. Accordingly the value of ANZ ordinary shares issued to holders of ANZ StEPS at the time of Conversion may be more or less than the Face Value of holders' ANZ StEPS.

Investors who wish to reduce their exposure to movements in the ANZ ordinary share price may consider selling their ANZ StEPS on the ASX prior to the commencement of the VWAP pricing period on 18 August 2008. Following this date ANZ expects that the VWAP pricing mechanism may begin to affect the trading price of ANZ StEPS. If you are unsure how to deal with your ANZ StEPS, ANZ recommends that you contact your stockbroker, accountant or financial advisor.

ANZ StEPS may be traded until 4.00 pm (Melbourne time) on Friday 5 September 2008. ANZ StEPS will no longer be quoted on the ASX after this time. In this respect, ANZ waives the requirement that any holders who have given ANZ a Holder Exchange Notice may not deal with, transfer, dispose of or otherwise encumber their ANZ StEPS.

What are my alternatives?

If you do nothing, you will receive ANZ ordinary shares on Conversion of your ANZ StEPS.

If you do not want to receive ANZ ordinary shares on Conversion on 15 September 2008 you should consider selling your ANZ StEPS. If you are unsure how to deal with your ANZ StEPS ANZ recommends that you contact your stockbroker, accountant or financial advisor.

To sell your ANZ StEPS, please contact your stockbroker or E*TRADE Australia. To assist holders wishing to sell their ANZ StEPS, E*TRADE Australia is offering free brokerage if you sell your ANZ StEPS through them. Please go to www.etrade.com.au/sell for further details (terms and conditions apply).

ANZ StEPS may be traded on the ASX until 4.00pm (Melbourne time) Friday 5 September 2008. ANZ StEPS will no longer be quoted on the ASX after this time.

Holders outside Australia and New Zealand to whom ANZ is not able to offer or issue ANZ ordinary shares will have the applicable ANZ ordinary shares issued on Conversion sold and will receive the sale proceeds.

The final ANZ StEPS quarterly distribution payment

Notwithstanding the Exchange that will occur on 15 September 2008, the payment of the next quarterly distribution on ANZ StEPS is scheduled to be made on 15 September 2008 to holders registered on the record date for that distribution (29 August 2008). The distribution payable is \$2.1902 per ANZ StEPS.

What if I have given ANZ a Holder Exchange Notice?

To assist ANZ StEPS holders, ANZ has agreed to allow you to sell your holdings of ANZ StEPS prior to the end of ASX trading on 5 September 2008 even though you may have already given a Holder Exchange Notice

The restriction on dealing in ANZ StEPS which would otherwise apply to holders who have given ANZ a Holder Exchange Notice, no longer applies.

What happens if I have not given an Exchange Notice?

All ANZ StEPS, including those ANZ StEPS that are not the subject of a Holder Exchange Notice, will now be Exchanged on 15 September 2008 by Conversion into ANZ ordinary shares.

Tax Implications of Conversion for Australian Holders on capital account

Conversion of the ANZ StEPS into ANZ ordinary shares will constitute an Assignment Event for the purposes of clause 4.1 of the Note Terms. The ANZ StEPS Prospectus sets out an overview of the "Taxation consequences for Investors" including on Conversion.

You should note that on 28 March 2008 the Australian Taxation Office issued a draft taxation determination (TD 2008/D6) in relation to stapled securities such as ANZ StEPS. If the taxation determination is finalised in its current form then following Conversion, the cost base of a Holder's ANZ StEPS is likely to become the cost base of the ordinary shares that the Holder receives. No tax loss would arise upon Conversion.

You should seek your own tax advice as to the taxation implications of the Conversion of ANZ StEPS.

Defined terms in this letter

Words and expressions defined in this letter have the same meaning given to them in the Note Terms and Preference Share Terms. The Note Terms and Preference Share Terms are set out in the ANZ StEPS Prospectus dated 14 August 2003. A reference to ANZ StEPS includes a reference to the Notes and Preference Shares which form part of ANZ StEPS.

Who can I contact if I have questions about this?

If you are unsure about what to do in response to this letter, ANZ recommends that you contact your stockbroker, accountant or financial adviser. If you have any questions about your ANZ StEPS, the ANZ StEPS Prospectus or this letter, please refer to the ANZ website at anz.com.au/shareholders or contact ANZ's Share Registry by calling:

Within Australia
1800 113 399

Within New Zealand
0800 174 007

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+61 3 9415 4010

John Priestley

Company Secretary

Australia and New Zealand Banking Group Limited

For and on behalf

Australia and New Zealand Banking Group Limited and
ANZ Holdings (New Zealand) Limited