

Equity Derivatives
Level 2, 275 Kent Street
Sydney NSW 2000
Telephone: 61 2 8204 2727
Facsimile: 61 2 8254 6926

31 May 2006

Mr Wayne Elliott
Manager, Warrant Administration
Australian Stock Exchange
Level 6, 20 Bridge Street
Sydney NSW 2000

Dear Wayne

Re: Challenger Portfolio Endowment Warrants – Change in the Outstanding Amounts

Pursuant to the Offering Circulars dated 11 October 2001 and 11 November 2002, Challenger Equities Limited has issued Portfolio Endowment Warrants containing Westpac Banking Corporation.

Portfolio Endowment Warrants - PEWEEA

Pursuant to an offering Circular dated 11 October 2001, Challenger Equities Limited has issued Year 2012 Portfolio Endowment Warrants in respect of the following Underlying Parcel of Shares:

PEWEEA

Stock	No of Shares in Underlying Parcel
Alumina Limited	12
AMP Limited	5
Australia and New Zealand Banking Group Limited	6
BHP Billiton Limited	11
Brambles Industries Limited	9
Commonwealth Bank of Australia	3
Coles Myer Limited	14
CSL Limited	2
Foster's Group Limited	20
Macquarie Bank Limited	3
National Australia Bank Limited	3
News Corporation Limited	7
Rio Tinto Limited	3
St George Bank Limited	6
Telstra Corporation Limited	21
Westpac Banking Corporation	7
Wesfarmers Limited	3
WMC Resources Limited	12
Woolworths Limited	8
Woodside Petroleum Limited	7
Westfield Holdings Limited (as at 16 July 2004 – Westfield Group)	5

As Warrant Issuer and according to Clause 4.6 of the Offering Circulars, Challenger Equities Limited provides the following information in relation to the period ending **31 May 2006**.

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As at the 31 May 2006, the following Reduction Amounts will be paid in respect of the underlying shares in the Portfolio.

ASX Share Code	Payment Date	Reduction Amount per Share (cents)	No. in Portfolio	Reduction Amount
WBC	14 Dec 2005	\$0.56	7	\$3.92
TOTAL				\$3.92

The Outstanding Amounts of the Portfolio Endowment Warrants, PEWEEA will be adjusted according to Clause 4.5 of the Offering Circulars as follows:

Number Of Warrants	Warrant Code	Outstanding Amount
1,000	PEWEEA	\$1,127.70
1	PEWEEA	\$1.1277

In accordance with the relevant Offering Circular, the Base Rate that will apply to all series of Endowment Warrants issued by Challenger Equities Limited, pursuant to that Offering Circular, from 1 April 2006 to 1 July 2006 inclusive is 5.6433% per annum. The Base Rate plus the Margin (2.50% per annum) is therefore 8.1433% per annum.

Portfolio Endowment Warrants – PEWEEB

Pursuant to an offering Circular dated 11 November 2002, Challenger Equities Limited has issued Portfolio Endowment Warrants in respect of the following Underlying Parcel of Shares:

Stock	No of Shares in Underlying Parcel
Alumina Limited	13
AMC	11
AMP Limited	8
Australia and New Zealand Banking Group Limited	5
BHP Billiton Limited	10
Brambles Industries Limited	15
Commonwealth Bank of Australia	3
Coles Myer Limited	15
Foster's Group Limited	20
National Australia Bank Limited	3
News Corporation Limited	10
Rio Tinto Limited	3
Suncorp Metway	9
St George Bank Limited	5
Telstra Corporation Limited	20
Westpac Banking Corporation	7
Wesfarmers Limited	3

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WMC Resources Limited	13
Woolworths Limited	8
Woodside Petroleum Limited	8
Westfield Holdings Limited (as at 16 July 2004 – Westfield Group)	8

As at the 31 May 2006, the following Reduction Amounts will be paid in respect of the underlying shares in the Portfolio.

ASX Share Code	Payment Date	Reduction Amount per Share (cents)	No. in Portfolio	Reduction Amount
WBC	14 Dec 2005	\$0.56	7	\$3.92
TOTAL				\$3.92

The outstanding amount following the above reduction amount is as follows:

Number Of Warrants	Warrant Code	Outstanding Amount
1,000	PEWEEB	\$1,013.60
1	PEWEEB	\$1.0136

In accordance with the relevant Offering Circular, the Base Rate that will apply to all series of Endowment Warrants issued by Challenger Equities Limited, pursuant to that Offering Circular, from 1 April 2006 to 1 July 2006 inclusive is 5.6433% per annum. The Base Rate plus the Margin (2.50% per annum) is therefore 8.1433% per annum.

For further information please contact Westpac Banking Corporation 1800 990 107.

For and on behalf of Westpac Banking Corporation