

Commonwealth Bank

Commonwealth Bank of Australia
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COMMONWEALTH BANK CAPITAL INITIATIVES

Sydney 10 December 2008: The Commonwealth Bank of Australia (the Bank) has today entered into a placement agreement with Merrill Lynch International (Australia) Limited (Merrill Lynch). Under the agreement, the Bank will issue shares to Merrill Lynch to raise up to \$750 million of new capital ("Placement"). The proceeds are intended to be used to redeem the PERLS II securities in March 2009.

Under the terms of the PERLS II securities (ASX: PCB) they may be redeemed for cash on the Rollover Date of 16 March 2009. Reset terms will not be offered under the PERLS II securities.

The number and price of new shares issued under the Placement will be calculated based on daily volume weighted average prices of Bank shares over a period of up to 10 trading days ("Pricing Period"). The new shares will be issued before the end of January 2009. The Bank will retain the ability to adjust the size of the placement or to reduce the pricing period depending on market conditions.

Following feedback from shareholders, the Bank is also pleased to announce that a Share Purchase Plan will be offered to all shareholders. Final details of the Plan will be provided by the Bank at its interim results announcement in February 2009.

David Craig, the Group's Chief Financial Officer commented: "The upfront financing of the PERLS II exchange provides a simple and efficient redemption process for our PERLS II investors. Given uncertain equity market conditions we consider it prudent to do this now."

ENDS

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Media Release

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