



GPO Box 2719
Sydney
New South Wales 2000

Dr John Schubert
Chairman

5 October 2006

Dear Shareholder

**CHANGES TO COMMONWEALTH BANK OF AUSTRALIA
DIVIDEND REINVESTMENT PLAN**

As you may know, the Bank has been operating a Dividend Reinvestment Plan ("DRP") to provide you with the opportunity to reinvest your dividends in the ordinary shares of the Bank.

I am writing to inform you of amendments to the Bank's DRP Rules, which were approved by the Board of Directors on 18 September 2006.

The amended DRP Terms and Conditions provide for:

Pricing Discount

- The ability for Directors to nominate a discount up to 2.5% of the DRP price calculation at their absolute discretion.

Pricing Calculation

- The ability for Directors to vary the period over which the DRP price is calculated. Previously the period was fixed at 10 trading days.
- Clarifying the Directors' existing right to exclude certain transactions such as special crossings, overseas trades and option exercises when calculating the DRP price to more closely reflect the Bank's share price traded on the ASX.

Notice of Amendment, Suspension and Termination of DRP

- Notice of any amendment to the DRP to be posted on the Bank's Website and given to the ASX in accordance with the Listing Rules or in any other manner permitted by the Bank's Constitution at the Directors' discretion.
- If the DRP is amended, a Participant will be deemed to continue to participate under the amended Terms and Conditions unless a DRP Notice is lodged with the Bank's Share Registry.

In addition, for the Interim Dividend payment for the period ending 31 December 2006, the Directors have resolved to remove the cap on DRP participation which limited participation in the DRP to a maximum of 10,000 shares for each Shareholder's total holding.

A copy of the revised Terms and Conditions governing the DRP is available on the Bank's Website under the Shareholder Centre at www.commbank.com.au.

If you wish to commence or vary your participation in the DRP you can obtain the relevant form from the Bank's Share Registry. Any such form should be received by Link Market Services Limited no later than the Record Date for the Interim Dividend for the financial period ending 31 December 2006.

Yours sincerely

John Schubert
Chairman

